

CONFIDENTIAL PTQ5215

PAGE 01 MEXICO 00582 01 OF 02 222330Z
ACTION INL-00

INFO LOG-00 NP-00 ACQ-00 WHA-00 SRPP-00 DS-00 OIGO-00
VC-00 TEDE-00 INR-00 L-00 VCE-00 AC-01 NSAE-00
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FM AMEMBASSY MEXICO
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CONFIDENTIAL SECTION 01 OF 02 MEXICO 000582

STATE FOR INL

REVIEW AUTHORITY: Oscar Olson, Senior Reviewer

E.O. 12958: DECL. 01-21-10
TAGS: SNAR, KCRM, PREL, KJUS, MX
SUBJECT: DRUG KINGPIN ESCAPES--GOM DETAINS PRISON
AUTHORTIES

CLASSIFIED BY ELIZABETH MCKAY, DIRECTOR NAS: REASON
1.5(B)

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PAGE 02 MEXICO 00582 01 OF 02 222330Z
1. (U) SUMMARY: PRESIDENT FOX'S PUBLIC SECURITY TEAM
REACTED WITH A SHOW OF FORCE AFTER THE JANUARY 19
ESCAPE OF NARCOTICS KINGPIN JOAQUIN GUZMAN LOERA.
PRESS REPORTS INDICATE THE GOM HAS CALLED IN THE ARMY,
THE FEDERAL PREVENTIVE POLICE (PFP), AND THE OFFICE OF
THE ATTORNEY GENERAL (PGR) TO FIND GUZMAN. THEY HAVE
ALSO INITIATED AN INVESTIGATION TO DETERMINE HOW THE
ESCAPE OCCURRED. AT LEAST 33 PRISON OFFICIALS AND THE
PRISON DIRECTOR HAVE BEEN DETAINED IN CONJUNCTION WITH
THE INVESTIGATION. INTERVIEWED ON NATIONAL TELEVISION,
UNDER-SECRETARY FOR PUBLIC SECURITY JORGE TELLO PEON
SAID THE ESCAPE SPEAKS OF THE CORRUPTION AND
INEFFICIENCIES IN THE SECURITY SYSTEM. TELLO ANNOUNCED
THAT EFFECTIVE IMMEDIATELY THE FEDERAL PREVENTIVE
POLICE HAVE TAKEN CONTROL OF THE COUNTRY'S 16 HIGH
SECURITY PENITENTIARIES. END SUMMARY.

2. (U) JOAQUIN GUZMAN LOERA, ALIAS "EL CHAPO GUZMAN",
ESCAPED FROM THE PUENTE GRANDE HIGH SECURITY FEDERAL
PRISON IN GUADALAJARA, JALISCO STATE AFTER THE

PRISON'S VIDEO SYSTEM WAS BLOCKED DURING THE AFTERNOON OF JANUARY 19. THE CIRCUITIOUS ESCAPE ROUTE TAKEN BY GUZMAN THROUGH THE PRISON WOULD NOT HAVE BEEN POSSIBLE WITHOUT THE COMPLICITY OF PRISON OFFICIALS. ACCORDING TO TELLO THE INITIAL INVESTIGATION IMPLICATES THE PRISON'S CUSTODIAL AND ADMINISTRATIVE STAFF.

3. (U) ON JANUARY 20, THE GOM LAUNCHED A MAJOR INVESTIGATION INTO THE CASE SPEAR-HEADED BY TELLO PEON. TELLO ASKED FOR THE COOPERATION OF THE ENTIRE COUNTRY IN TRACKING GUZMAN. ACCORDING TO THE DAILY
CONFIDENTIAL

PAGE 03 MEXICO 00582 01 OF 02 222330Z
"REFORMA" NEWS ARTICLES, SOME SIXTY PGR AGENTS, 150 PFP AGENTS AND 60 ELEMENTS OF THE MILITARY ARE INVOLVED IN THE SEARCH OPERATION.

4. (U) TELLO TOLD THE MEDIA THE ESCAPE HAS HIGHLIGHTED PROBLEMS IN THE PENAL SYSTEM. HE SPOKE NOT ONLY OF CORRUPTION, BUT PROCEDURAL ERRORS AND INEFFICIENCIES IN THE GUADALAJARA PRISON GENERATED EITHER BY DISINTEREST OR BY FEAR OF CRIMINAL ORGANIZATIONS. NAS CONTACTS CONFIRM THE PFP HAS TAKEN CONTROL OF SECURITY AT THE NATION'S 16 HIGH SECURITY PENITENTIARIES, AT LEAST IN THE SHORT TERM. NOTE: MEXICAN JAILS ARE NOTORIOUS FOR THE CORRUPTION THAT FLOURISHES IN THEM DUE TO A LACK OF PRISONER CONTROL. THE TRANSFER OF THE PRISON SYSTEM FROM THE SECRETARIAT OF GOVERNMENT TO THE SECRETARIAT OF PUBLIC SECURITY HAD BEEN PART THE FOX TEAM'S ORIGINAL SECURITY REORGANIZATION PLAN. THE ESCAPE OF A HIGH PROFILE PRISONER WILL PROBABLY SEAL THE DEAL. END NOTE.

5.(U) MEXICAN MEDIA REPORTS SPECULATE THE SUPREME COURT'S RECENT DECISION GIVING THE GREEN LIGHT TO THE EXTRADITION OF MEXICAN NATIONALS PROMPTED THE ESCAPE. HOWEVER, THE U.S HAS NO EXTRADITION REQUEST FOR GUZMAN.

6.(U) AS HEAD OF THE SINALOA CARTEL, EL CHAPO AND ASSOCIATE JESUS HECTOR "EL GUERO" PALMA SALAZAR DIRECTED A SOPHISTICATED TRAFFICKING RING THAT INCLUDED THE CONSTRUCTION OF AN UNDERGROUND TUNNEL TO TRANSPORT DRUGS FROM MEXICO TO THE UNITED STATES.
CONFIDENTIAL

PAGE 04 MEXICO 00582 01 OF 02 222330Z
GUZMAN WAS ARRESTED IN GUATEMALA IN 1993 AND LATER TRANSFERRED TO MEXICO WHERE HE WAS SERVING A MINIMUM SENTENCE OF TWENTY-ONE YEARS FOR BRIBERY AND CRIMINAL ASSOCIATION. HE HAD BEEN IMPRISONED IN JALISCO SINCE NOVEMBER 1995. GUZMAN WAS INVOLVED IN THE 1993 MURDER OF CARDINAL POSADAS OCAMPO AT THE GUADALAJARA AIRPORT. IN THAT CASE THE ARELLANO FELIX ORGANIZATION IS BELIEVED TO HAVE TARGETED RIVAL GUZMAN FOR

ASSASSINATION, KILLING THE CARDINAL BY MISTAKE.

7. (C) COMMENT: AFTER A MEDIA BLITZ THE PAST WEEK EMPHASIZING THE FIGHT AGAINST CORRUPTION, GUZMAN'S ESCAPE FORCES THE ADMINISTRATION TO DEMONSTRATE ITS ABILITY AND COMMITMENT TO FULFILL ITS CAMPAIGN PROMISES. THOUGH TOO NEW TO DESERVE ANY REAL CRITICISM, THE FOX ADMINISTRATION PROMISED TO MAKE HEADWAY IN CLEANING UP THE PUBLIC SECURITY SYSTEM. THE PUBLIC MAY USE THE GOVERNMENT'S ABILITY TO HANDLE THIS ESCAPE AS AN INDICATOR OF LIKELY FUTURE SUCCESS.

CONFIDENTIAL

CONFIDENTIAL PTQ5216

PAGE 01 MEXICO 00582 02 OF 02 222330Z
ACTION INL-00

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R 222317Z JAN 01
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C O N F I D E N T I A L SECTION 02 OF 02 MEXICO 000582

STATE FOR INL

E.O. 12958: DECL. 01-21-10
TAGS: SNAR, KCRM, PREL, KJUS, MX
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AUTHORTIES

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CONFIDENTIAL

PAGE 02 MEXICO 00582 02 OF 02 222330Z

CONFIDENTIAL

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UNCLASSIFIED PTQ4580

PAGE 01 GUADAL 00383 01 OF 02 241921Z
ACTION WHA-00

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R 241409Z MAY 01
FM AMCONSUL GUADALAJARA
TO SECSTATE WASHDC 4033
INFO AMEMBASSY MEXICO
AMEMBASSY GUATEMALA
AMEMBASSY BOGOTA
ALL USCONS MEXICO 0366

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UNCLAS SECTION 01 OF 02 GUADALAJARA 0383

REVIEW AUTHORITY: Oscar Olson, Senior Reviewer

E.O. 12958: N/A
TAGS: SNAR, ASEC, SOCI, PGOV, MX
SUBJECT: PRISON ESCAPE PROMPTS POLITICAL POSTURING BUT
LITTLE ACTION

1. SUMMARY: THE JANUARY 2001 ESCAPE OF A DRUG LORD FROM A
MAXIMUM-SECURITY PRISON HAS EXPOSED DEEP CORRUPTION WITHIN
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PAGE 02 GUADAL 00383 01 OF 02 241921Z
MEXICOQS PRISON SYSTEM AND UNITED THE POLITICAL PARTIES IN
CALLS FOR PRISON REFORM. HOWEVER, DESPITE CALLS FOR PENAL
REFORM FROM ACROSS THE POLITICAL SPECTRUM, LITTLE ACTION IS
BEING TAKEN EXCEPT FOR TIGHTENING INTERNAL CONTROLS. END
SUMMARY.

BACKGROUND

2. IN 1993, JOAQUIN GUZMAN-LOERA, ALIAS "EL CHAPO," AND
JESUS HECTOR PALMA-SALAZAR, ALIAS "EL GUERO PALMA,"
ALLEGEDLY WORKED TOGETHER TO PURCHASE COCAINE AND MARIJUANA
FROM THE CALI AND MEDELLIN CARTELS IN COLOMBIA FOR
IMPORTATION AND DISTRIBUTION WITHIN MEXICO. ON NOVEMBER 8,
1992, AT A PUERTO VALLARTA NIGHT CLUB, THE GUZMAN-LOERA
DRUG TRAFFICKING ORGANIZATION ATTEMPTED TO ASSASSINATE THE
ARELLANO-FELIX BROTHERS (RAMON, EDUARDO, JAVIER, AND
BENJAMIN) ALL OF WHOM ARE MEMBERS OF THE RAMON ARELLANO-
FELIX ORGANIZATION, A MAJOR DRUG TRAFFICKING ORGANIZATION
AND A RIVAL OF THE GUZMAN-LOERA ORGANIZATION OVER DRUG
ROUTES AND DRUG TRAFFICKING IN MEXICO. THE SHOOTOUT

RESULTED IN THE DEATHS OF EIGHT PATRONS OF THE DISCOTHEQUE, ALTHOUGH THE ARELLANO-FELIX BROTHERS MANAGED TO ESCAPE.

3. IN RETALIATION, THE RAMON ARELLANO-FELIX ORGANIZATION ATTEMPTED TO ASSASSINATE JOAQUIN GUZMAN-LOERA UPON HIS ARRIVAL AT THE GUADALAJARA INTERNATIONAL AIRPORT ON MAY 24, 1993. IN THE ENSUING GUN-BATTLE AT THE AIRPORT, GUADALAJARA'S CATHOLIC CARDINAL JUAN JESUS POSADAS OCAMPO WAS CAUGHT IN THE CROSSFIRE AND KILLED. SHORTLY THEREAFTER, GUZMAN-LOERA FLED TO GUATEMALA WHERE HE WAS
UNCLASSIFIED

PAGE 03 GUADAL 00383 01 OF 02 241921Z
ARRESTED ON JUNE 9, 1993.

4. DEPORTED BACK TO MEXICO, HE WAS TRIED AND CONVICTED OF BRIBERY AND CRIMINAL ASSOCIATION, FOR WHICH HE WAS SENTENCED TO 20 YEARS AND 9 MONTHS. IN NOVEMBER 1995, HE WAS TAKEN TO THE PUENTE GRANDE MAXIMUM-SECURITY PRISON, LOCATED IN EL SALTO (ABOUT 18 KILOMETERS FROM GUADALAJARA), WHERE HE WAS TO SERVE HIS PRISON SENTENCE. UPON GUZMAN-LOERA'S ARREST, ARTURO GUZMAN, BROTHER TO JOAQUIN GUZMAN-LOERA, TOOK OVER THE GUZMAN ORGANIZATION AND CONTINUES TO PURCHASE COCAINE FROM THE DRUG CARTELS IN CALI AND MEDELLIN, COLOMBIA FOR DISTRIBUTION IN MEXICO AND THE UNITED STATES.

THE ESCAPE

5. ON JANUARY 19, 2001, GUZMAN-LOERA WALKED OUT OF HIS CELL, THROUGH ELECTRONIC MAGNETIC DOORS, PAST VIDEO CAMERAS AND MOTION SENSORS TO THE TRASH DEPOSITORY. HE THEN BOARDED A WAITING LAUNDRY TRUCK TO EXIT PUENTE GRANDE. TO DATE, LEONARDO BELTRAN-SANTANA, THE NOW FORMER PRISON DIRECTOR, AND 33 PRISON GUARDS ARE UNDER INVESTIGATION IN CONNECTION WITH GUZMAN-LOERA'S ESCAPE.

REACTION

6. ON JANUARY 15, 2001, THE NATIONAL HUMAN RIGHTS COMMISSION, WHICH MAKES REGULAR VISITS TO THE PUENTE GRANDE PRISON, ALERTED THE OFFICE OF THE SECRETARY OF PUBLIC
UNCLASSIFIED

PAGE 04 GUADAL 00383 01 OF 02 241921Z
SECURITY (SSP) ABOUT THE LAX SECURITY AT PUENTE GRANDE. ON JANUARY 19, 2001, THE SSP AND THE NATIONAL HUMAN RIGHTS COMMISSION HELD A MEETING IN REFERENCE TO THE ALLEGATION THAT SECURITY THERE WAS LAX. IRONICALLY, GUZMAN-LOERA ESCAPED FROM PUENTE GRANDE ONLY HOURS AFTER THE MEETING. JORGE TELLO PEON, UNDERSECRETARY FOR PUBLIC SECURITY (SSP) FOR THE STATE OF JALISCO, STATED THAT CORRUPTION HAD FILTERED INTO THE FEDERAL PENITENTIARY, WHICH CONTRIBUTED TO THE ESCAPE FROM PUENTE GRANDE. RAFAEL MACEDO DE LA

CONCHA, ATTORNEY GENERAL FOR THE REPUBLIC OF MEXICO, ACKNOWLEDGES THE SERIOUSNESS OF THE ESCAPE, WHICH HE SAID DEMONSTRATED THAT CORRUPTION HAD PENETRATED MAXIMUM-SECURITY PENITENTIARY SYSTEMS. ON JANUARY 20, 2001, SANTIAGO CREEL MIRANDA, INTERIOR SECRETARY FOR THE REPUBLIC OF MEXICO, ASSURED THE PUBLIC THAT EVERYONE INVOLVED IN THE

UNCLASSIFIED

UNCLASSIFIED PTQ4581

PAGE 01 GUADAL 00383 02 OF 02 241921Z
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NRRC-00 NSAE-00 NSCE-00 OMB-01 OPIC-01 PA-00 PM-00
PRS-00 ACE-00 P-00 SP-00 IRM-00 TEST-00 TRSE-00
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R 241409Z MAY 01
FM AMCONSUL GUADALAJARA
TO SECSTATE WASHDC 4034
INFO AMEMBASSY MEXICO
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UNCLAS SECTION 02 OF 02 GUADALAJARA 0383

E.O. 12958: N/A
TAGS: SNAR, ASEC, SOCI, PGOV, MX
SUBJECT: PRISON ESCAPE PROMPTS POLITICAL POSTURING BUT
LITTLE ACTION

ESCAPE WOULD BE DETAINED, PROSECUTED, AND SENTENCED. THE
THREE MAJOR POLITICAL PARTIES (PAN, PRI, AND PRD) IN MEXICO
ALL EXPRESSED THEIR CONCERN AND AGREED THAT THE
UNCLASSIFIED

PAGE 02 GUADAL 00383 02 OF 02 241921Z
PENITENTIARY SYSTEM NEEDED TO BE RESTRUCTURED, THAT JUDGES
DEALING WITH DRUG TRAFFICKING CASES NEEDED BETTER
PROTECTION, AND THAT MORE DRASTIC MEASURES WERE NEEDED TO
PUNISH DRUG TRAFFICKERS.

7. ON MAY 15, 2001, CONOFFS INTERVIEWED NEW PRISON
DIRECTOR ARTURO MORAN ARELLANO AND SUB-DIRECTOR LIC.
WILFREDO RODRIGUEZ QUINTERO. DIRECTOR MORAN STATED THAT, TO
HIS KNOWLEDGE, THERE IS CURRENTLY NO REFORM OR LEGISLATION
ON THE AGENDA CONCERNING THE PENAL SYSTEM. HE FURTHER
STATED THAT WHAT NEEDS TO BE DONE IS TO APPLY THE LAW AND
REGULATIONS THAT ALREADY EXISTS WITHIN THE PRISON SYSTEM,

POINTING OUT THAT EXISTING PRISON PROCEDURES ARE NOW BEING STRICTLY ENFORCED. FOR INSTANCE, NEWLY HIRED STAFF ARE REQUIRED TO PASS A SERIES OF TESTS WHICH INCLUDE A POLYGRAPH TEST, PSYCHOLOGY TEST, CRIMINAL HISTORY BACKGROUND CHECKS, AND PERSONAL DRUG USE. IN THE PAST INDIVIDUALS WOULD PASS THROUGH THE SYSTEM WITHOUT THE REQUIREMENTS BEING MET. WITHOUT BEING MORE SPECIFIC, HE ALSO INDICATED THAT IMPROVEMENTS HAVE BEEN MADE CONCERNING PRISONER CONTROL AND MANAGEMENT. APPARENTLY STATING THE OBVIOUS, DIRECTOR MORAN OPINED THAT GUZMAN-LOERAQS ESCAPE WAS ORCHESTRATED WITH THE HELP OF PRISON STAFF WITHIN PUENTE GRANDE. AS FOR THE GUARDS ON DUTY DURING THE ESCAPE, HE NOTED THAT SOME ARE BEING DETAINED, SOME HAVE BEEN CALLING IN SICK SINCE THE INCIDENT, AND OTHERS HAVE VOLUNTARILY QUIT.

8. COMMENT: DESPITE PUENTE GRANDE BEING ONE OF THREE MAXIMUM-SECURITY PRISONS IN MEXICO, GUZMAN-LOERA HAD LITTLE DIFFICULTY EFFECTING HIS ESCAPE, AN ESCAPE MADE POSSIBLE BY
UNCLASSIFIED

PAGE 03 GUADAL 00383 02 OF 02 241921Z
CONSIDERABLE ASSISTANCE FROM WITHIN THE PRISON. ALTHOUGH GUZMAN-LOERAQS ESCAPE HIGHLIGHTED OFFICIAL CORRUPTION WITHIN THE MEXICAN PENAL SYSTEM AND LED TO MANY CALLS FOR PENAL REFORM, THE ONLY ACTION TAKEN TO DATE APPEARS TO BE REINFORCEMENT OF INTERNAL CONTROLS AT THE PRISON ITSELF. AT LEAST THE PRISON OFFICIALS THEMSELVES ARE TRYING TO CORRECT DEFICIENCIES AND UPDATE EQUIPMENT FOR THE PRISON.
END COMMENT.

WILKINSON

UNCLASSIFIED

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UNCLASSIFIED PTQ1588

PAGE 01 MEXICO 00615 01 OF 13 251755Z
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UTED-00 TEDE-00 INR-00 IO-00 JUSE-00 L-00 AC-01
NSAE-00 NSCE-00 OIC-02 OMB-01 PC-01 PM-00 ACE-00
P-00 SP-00 TEST-00 TRSE-00 USIE-00 FMP-00 PMB-00
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SUBJECT: INCSR CY01

REF: A. SECSTATE 04878
B. 01 SECSTATE 203547

1. EMBASSY SUBMITS DRAFT INCSR FOR 2001. NOTE:
ERADICATION AND ARREST STATISTICS ARE PRELIMINARY.
STATISTICS ARE EXPECTED TO BE FINALIZED BY LATE JANUARY
OR EARLY FEBRUARY.

SUMMARY

UNCLASSIFIED

PAGE 02 MEXICO 00615 01 OF 13 251755Z
2. MEXICO FACES A PANOPLY OF DRUG-RELATED PROBLEMS.
THESE INCLUDE THE PRODUCTION AND TRANSSHIPMENT OF
ILLCIT DRUGS, MONEY LAUNDERING, ILLICIT FIREARMS
TRAFFICKING, AND GROWING CONSUMPTION. THE GOVERNMENT OF
MEXICO'S (GOM) LONGSTANDING PHILOSOPHICAL COMMITMENT TO
COMBATING DRUG TRAFFICKING AND RELATED CRIMES WAS
ACCOMPANIED THIS YEAR BY A REMARKABLE TURNAROUND IN
TANGIBLE VICTORIES AGAINST DRUG TRAFFICKING. IN
LAUNCHING A NATIONAL CRUSADE AGAINST NARCOTICS
TRAFFICKING AND ORGANIZED CRIME, PRESIDENT FOX PLEDGED
TO GIVE THE CRIMINALS NO QUARTER AND URGED THE MEXICAN
PUBLIC TO EXPUNGE THESE NEGATIVE ELEMENTS FROM MEXICAN
SOCIETY. MEXICO CONSIDERS NARCOTICS TRAFFICKING A
NATIONAL SECURITY ISSUE. THROUGHOUT THE YEAR, MEXICAN
AUTHORITIES ARRESTED KEY MEMBERS OF THE MAJOR CARTELS
INCLUDING THE TIJUANA-BASED ARELLANO FELIX ORGANIZATION
(AFO), THE CARRILLO FUENTES ORGANIZATION, AND THE GULF
CARTEL, AMONG OTHERS. MEXICO SUSTAINED AN AGGRESSIVE
ERADICATION PROGRAM WHILE INCREASING DRUG SEIZURES OVER

LAST YEAR'S RECORD AMOUNTS. MEXICO WAGED A PUBLIC CAMPAIGN TO COMBAT CHRONIC CORRUPTION THROUGH THE REVITALIZED SECRETARIAT OF THE COMPTROLLER AND ADMINISTRATIVE DEVELOPMENT (SECODAM). HOWEVER, THERE IS A WORRISOME TREND IN SENTENCING AND THE USE THE "AMPARO," OR INJUNCTION PROCESS. THIS TREND IS DIRECTLY RELATED TO THE INABILITY OF PROSECUTORS TO MAKE SOLID CASES AND AN APPARENT UNWILLINGNESS TO UTILIZE AND ACCEPT OTHERWISE COMMON PROSECUTORIAL TOOLS.

3. THE ELECTION OF VICENTE FOX QUESADA USHERED IN A NEW ERA IN U.S.-MEXICO LAW ENFORCEMENT RELATIONS. THE PAST
UNCLASSIFIED

PAGE 03 MEXICO 00615 01 OF 13 251755Z
YEAR HAS BEEN CHARACTERIZED BY UNPRECEDENTED COOPERATION THAT GOES WELL BEYOND THE STATISTICS TO INCLUDE THE TWO-WAY EXCHANGE OF VERY SENSITIVE LAW ENFORCEMENT INTELLIGENCE. THE TWO GOVERNMENTS CONTINUED THEIR COLLABORATION ON A BILATERAL EVALUATION OF ILLICIT CROP PRODUCTION, OPIUM POPPY IN PARTICULAR. BILATERAL INTERDICTION COORDINATION REACHED NEW HEIGHTS. DEPORTATIONS AND EXTRADITIONS ARE UP OVER LAST YEAR.

4. BILATERAL EXTRADITION PROBLEMS WERE BOTH SOLVED AND EXACERBATED WHEN THE MEXICAN SUPREME COURT'S JANUARY 2001 DECISION AFFIRMING THE GOM'S AUTHORITY TO EXTRADITE MEXICAN NATIONALS WAS COUNTER-BALANCED LATER IN THE YEAR WITH ANOTHER SUPREME COURT DECISION FINDING LIFE SENTENCES UNCONSTITUTIONAL. THIS DECISION REQUIRES FORMAL ASSURANCES THAT PROSPECTIVE EXTRADITEES WILL NOT FACE A LIFE SENTENCE IN THE REQUESTING COUNTRY.

5. DESPITE SIGNIFICANT ACHIEVEMENTS IN MANY AREAS OF THE MEXICAN COUNTERDRUG PROGRAM, LITTLE PROGRESS WAS MADE IN THE AREA OF CHEMICAL CONTROL AND MONEY LAUNDERING. MEXICO REMAINS A MAJOR FOREIGN SUPPLIER OF METHAMPHETAMINE TO THE UNITED STATES. GOM ANTI-MONEY LAUNDERING EFFORTS REMAIN INEFFECTIVE.

6. IN ITS STRUGGLE AGAINST DRUGS, MEXICO STILL FACES DAUNTING CHALLENGES. THE DRUG TRAFFICKING ORGANIZATIONS THAT CONTROL THE PRODUCTION AND SHIPMENT OF DRUGS AND RELATED MONEY LAUNDERING AND CRIMINAL ACTIVITIES REMAIN POWERFUL. THESE GROUPS ARE WELL ORGANIZED AND ADEPT AT
UNCLASSIFIED

PAGE 04 MEXICO 00615 01 OF 13 251755Z
CORRUPTING OR INTIMIDATING PUBLIC OFFICIALS. SUCH CORRUPTION REMAINS A SERIOUS INSTITUTIONAL PROBLEM. THESE CRIMINAL ORGANIZATIONS LIKEWISE POSE A SERIOUS THREAT TO THE UNITED STATES, CONTROLLING DRUG DISTRIBUTION NETWORKS THROUGHOUT MUCH OF THE COUNTRY.

7. MEXICO IS A PARTY TO THE 1988 UNITED NATIONS

CONVENTION AGAINST ILLICIT TRAFFIC IN NARCOTIC DRUGS
AND PSYCHOTROPIC SUBSTANCES.

STATUS OF COUNTRY

8. MEXICAN AUTHORITIES MADE SIGNIFICANT PROGRESS IN
DISRUPTING THE OPERATIONS OF MAJOR DRUG TRAFFICKING
ORGANIZATIONS OPERATING IN MEXICO. NEVERTHELESS, MEXICO
REMAINS THE PRINCIPAL TRANSIT ROUTE FOR U.S.-BOUND
COCAINE FROM SOUTH AMERICA. THE USG ESTIMATES THAT 50-
55 PERCENT OF THE COCAINE SOLD IN THE U.S. TRANSITS
MEXICO. COCAINE AND OTHER DRUGS ARE SMUGGLED VIA EVERY
CONCEIVABLE COMMERCIAL AND NON-COMMERCIAL CONVEYANCE--
AIR AND CONTAINERIZED MARITIME CARGO; FISHING VESSELS;
CROSS-BORDER TUNNELS; FLIGHTS TO CLANDESTINE LANDING

UNCLASSIFIED

UNCLASSIFIED PTQ1591

PAGE 01 MEXICO 00615 02 OF 13 251755Z
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UNCLAS SECTION 02 OF 13 MEXICO 000615

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POINTS; AND AIRDROPS TO GO-FAST BOATS OFF MEXICAN
COASTS. HUMAN "MULES," INCLUDING UNDOCUMENTED MIGRANTS
AND CHILDREN, WHO BACKPACK OR STRAP THE DRUGS TO THEIR
BODIES, ALSO TRANSPORT SMALLER QUANTITIES OF THE
CONTRABAND.

9. THE PACIFIC COAST OF MEXICO CONTINUED TO BE THE
FAVORED ROUTE FOR MARITIME TRAFFICKING BECAUSE OF ITS A
LACK OF NATURAL CHOKE POINTS. THE EVENTS OF SEPTEMBER
11 CAUSED THE RELOCATION OF U.S. MARITIME INTERDICTION
ASSETS FROM THE PACIFIC COAST OF MEXICO LEAVING MORE
UNCLASSIFIED

PAGE 02 MEXICO 00615 02 OF 13 251755Z
OPEN AREA FOR THE DRUG SMUGGLERS. THERE WAS A

RESUMPTION OF NON-COMMERCIAL VESSEL MOVEMENT TO MEXICO'S YUCATAN PENINSULA THROUGH THE WESTERN CARIBBEAN ESPECIALLY IN THE USE OF GO-FAST VESSELS. ALTHOUGH THERE WERE ONLY THREE CONFIRMED LANDINGS OF AIRCRAFT WHOSE FLIGHTS ORIGINATED OUTSIDE OF MEXICO IN 2001, INTERNAL AIR MOVEMENT CONTINUED TO OVERWHELM LIMITED AIR INTERDICTION AND LAND RESPONSE ASSETS. APPROXIMATELY 1,000 INTERNAL FLIGHTS BELIEVED TO BE MOVING DRUGS, PRIMARILY MARIJUANA, FROM SOUTH/CENTRAL MEXICO TO STAGING AREAS NEAR THE U.S. WERE DETECTED IN 2001. THE TRAFFICKERS CONTINUED TO USE GUATEMALA AND BELIZE AS GATEWAYS TO SMUGGLE DRUGS OVERLAND THROUGH MEXICO'S SOUTHERN BORDER.

10. ALTHOUGH MEXICO IS A PARTY TO INTERNATIONAL EFFORTS TO CONTROL THE IMPORTATION AND USE OF ILLEGAL DRUG PRECURSORS, THE INABILITY OF MEXICO TO OVERCOME INTER-INSTITUTIONAL JURISDICTIONAL CONFLICTS THAT WOULD ALLOW AGGRESSIVE PURSUIT OF PRECURSOR CHEMICAL INVESTIGATIONS REMAINS A PROBLEM. MEXICO-BASED TRANSNATIONAL CRIMINAL ORGANIZATIONS CONTINUE TO ASSUME DISTRIBUTORSHIP CONTROL IN THE U.S. OF METHAMPHETAMINE AND ITS PRECURSOR CHEMICALS. ALTHOUGH THE RATE OF METHAMPHETAMINE SEIZURES IN 2001 HAS NOT KEPT PACE WITH 2000'S RECORD LEVELS, BOTH YEARS EXPERIENCED MORE SEIZURES THAN 1999. THIS, COMBINED WITH INCREASES IN THE SEIZURE OF METHAMPHETAMINE LABORATORIES, SUGGESTS CONTINUED GROWTH BY MEXICAN TRAFFICKERS IN THIS TRADE THAT TARGETS THE U.S. SEIZURES OF MEXICO-BOUND EPHEDRINE, THE PRIMARY INGREDIENT USED TO MANUFACTURE

UNCLASSIFIED

PAGE 03 MEXICO 00615 02 OF 13 251755Z
METHAMPHETAMINE AND METHAMPHETAMINE BY-PRODUCTS, HAVE FOCUSED ATTENTION ON THE MAGNITUDE OF EPHEDRINE ACQUISITION BY MEXICAN ORGANIZED CRIME GROUPS. MEXICO IS ALSO A TRANSIT POINT FOR THE MOVEMENT OF POTASSIUM PERMANGANATE, USED IN THE PURIFICATION PROCESS FOR COCAINE.

11. MEXICO'S ERADICATION PROGRAM IS ONE OF THE OLDEST AND LARGEST IN THE WORLD. ACCORDING TO THE GOM, THE MEXICAN ATTORNEY GENERAL'S OFFICE (PGR) AND THE MILITARY PERSISTED IN THEIR SUCCESSFUL MANUAL AND AERIAL ERADICATION PROGRAMS. MOST DRUG CROP CULTIVATION OCCURS IN SMALL FIELDS LOCATED IN REMOTE AREAS TO EVADE DETECTION AND ERADICATION. SINCE LANDS USED FOR ILLICIT CULTIVATION ARE SUBJECT TO SEIZURE, MANY GROWERS USE PUBLIC OR COMMUNAL LANDS TO AVOID TRACING OWNERSHIP.

12. ALTHOUGH MEXICO PRODUCES ONLY ABOUT TWO PERCENT OF THE WORLD'S OPIUM, NEARLY ITS ENTIRE ILLICIT CROP IS CONVERTED INTO HEROIN AND SHIPPED TO THE U.S. MEXICO'S PERCENTAGE OF WORLD PRODUCTION MAY CHANGE GIVEN THE DISRUPTION OF OPIUM POPPY CULTIVATION IN AFGHANISTAN. USG ESTIMATES OF OPIUM POPPY PRODUCTION IN MEXICO

DURING THE PAST DECADE SHOW POTENTIAL YIELDS OF FOUR TO SIX METRIC TONS OF HEROIN ANNUALLY.

13. CROP FIELD SURVEYS TAKEN DURING THE PAST YEAR INDICATE THE CONTINUED EXPANDED CULTIVATION OF A MORE ROBUST MARIJUANA PLANT THROUGHOUT MEXICO. GROWING TO A HEIGHT OF TWO METERS AND WITH MORE FLOWERING AREA, THE PLANT HAS HIGHER LEVELS OF THC AND DUE TO ITS RESIN-
UNCLASSIFIED

PAGE 04 MEXICO 00615 02 OF 13 251755Z
COATED FOLIAGE IS MORE RESISTANT TO HERBICIDES. MEXICAN ERADICATION FORCES ARE TAKING MEASURES TO DEFEAT THIS IMPROVED PLANT.

14. THE INDUSTRIAL-SCALE DRUG TRADE HAS TRANSFORMED NARCOTRAFFICKING INTO ONE OF MEXICO'S DEADLIEST BUSINESSES. DRUG-RELATED VIOLENCE IN MEXICO MOVED BEYOND THE TRADITIONAL RIVALRIES BETWEEN TRAFFICKING ORGANIZATIONS. THESE ORGANIZATIONS HAVE DEMONSTRATED BLATANT DISREGARD FOR HUMAN LIFE, AS EXECUTIONS OF LAW ENFORCEMENT PERSONNEL, GOVERNMENT OFFICIALS, AND INNOCENT BYSTANDERS HAVE INCREASED. IN FEBRUARY, 12 PEOPLE, INCLUDING TWO MINORS, WERE KILLED BY A GROUP OF ARMED MEN IN LIMONCITO DE ALAYA, SINALOA, A KNOWN CENTER FOR COCAINE TRAFFICKING AND MARIJUANA CULTIVATION. IN NOVEMBER, TWO FEDERAL JUDGES AND THE WIFE OF ONE JUDGE WERE SHOT TO DEATH IN AN AMBUSH. ONE OF THE JUDGES HAD RECENTLY DENIED AN APPEAL MOTION FILED BY A NARCO-TRAFFICKER. DAYS LATER A LAWYER WHO HAD REPRESENTED DRUG INFORMERS SURVIVED HER FOURTH ASSASSINATION ATTEMPT. IN DECEMBER, UNKNOWN ASSAILANTS TORTURED AND MURDERED A JUDGE IN AN AREA OF CHIAPAS THAT HAD BEEN THE SIGHT OF 36 DRUG-RELATED MURDERS.

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UNCLASSIFIED PTQ1589

PAGE 01 MEXICO 00615 03 OF 13 251755Z
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UTED-00 TEDE-00 INR-00 IO-00 JUSE-00 L-00 AC-01
NSAE-00 NSCE-00 OIC-02 OMB-01 PC-01 PM-00 ACE-00
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UNCLAS SECTION 03 OF 13 MEXICO 000615

E.O. 12958: DECLAS: N/A

TAGS: SNAR,MX
SUBJECT: INCSR CY01

MEANWHILE, 57 MURDERS IN CIUDAD JUAREZ WERE CLASSIFIED AS DRUG-RELATED IN 2001.

15. IN RECENT YEARS INTERNATIONAL MONEY LAUNDERERS HAVE TURNED INCREASINGLY TO MEXICO FOR INITIAL PLACEMENT OF DRUG PROCEEDS INTO THE GLOBAL FINANCIAL SYSTEM. ALTHOUGH MEASURES ENACTED BY MEXICO SINCE 1996 PROVIDE THE LEGAL FRAMEWORK FOR MORE EFFECTIVE CONTROL OF MONEY LAUNDERING, LITTLE PROGRESS HAS BEEN MADE.

16. WHILE THE GOM STILL LACKS THE BROAD INSTITUTIONAL
UNCLASSIFIED

PAGE 02 MEXICO 00615 03 OF 13 251755Z
CAPABILITY TO FULLY IMPLEMENT ITS ANTI-DRUG LEGISLATION AND NATIONAL DRUG STRATEGY, IT INITIATED SEVERAL ORGANIZATIONAL CHANGES TO ADDRESS THESE WEAKNESSES AND FOCUS ON LONG-TERM DEVELOPMENT OF MEXICO'S LAW ENFORCEMENT SECTOR. IN LATE 2000, PRESIDENT FOX NAMED A MILITARY JUDGE AS ATTORNEY GENERAL TO LEAD THE COUNTRY'S COUNTERDRUG PROGRAM. THE DETAIL OF SENIOR MILITARY OFFICERS INTO INTELLIGENCE, ANALYSIS, AND INTERDICTION/ERADICATION WITHIN THE PGR HAS INFUSED THE INSTITUTION WITH WELL-HONED COUNTER-NARCOTICS EXPERTISE AND DISCIPLINE. HANDPICKED PRIVATE SECTOR TALENT IS CONDUCTING A LONG-TERM PROJECT TO STRENGTHEN THE PGR BY INTRODUCING SOUND MANAGEMENT PRINCIPLES THAT INCORPORATE HUMAN RESOURCE DEVELOPMENT AS A KEY ELEMENT. THE MEXICAN MILITARY ALSO CONTINUES TO BE A PIVOTAL AND INTEGRAL PLAYER IN NEARLY ALL FACETS OF MEXICO'S COUNTERDRUG EFFORT. NEVERTHELESS, CHRONIC PROBLEMS OF CORRUPTION, WEAK POLICE AND CRIMINAL JUSTICE INSTITUTIONS, BUDGET CONSTRAINTS, AND SEVERE POVERTY IN RURAL AREAS WHERE DRUG CROPS ARE CULTIVATED HAMPER MEXICO'S ABILITY TO COMBAT DRUG TRAFFICKING.

COUNTRY ACTIONS AGAINST DRUGS IN 2001

POLICY INITIATIVES

17. MEXICO'S NATIONAL ANTI-DRUG STRATEGY ENCOMPASSES THE FULL RANGE OF ACTIONS CALLED FOR IN THE 1988 UN DRUG CONVENTION AND HIGHLIGHTS THE IMPORTANCE OF
UNCLASSIFIED

PAGE 03 MEXICO 00615 03 OF 13 251755Z
INTERNATIONAL COOPERATION, PARTICULARLY WITH NEIGHBORING STATES.

18. THE ELECTION OF PRESIDENT FOX WAS ACCOMPANIED BY A WAVE OF OPTIMISM ON MANY FRONTS. IN LATE 2000,

PAGE 01 MEXICO 00615 04 OF 13 251755Z
ACTION WHA-00

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UTED-00 TEDE-00 INR-00 IO-00 JUSE-00 L-00 AC-01
NSAE-00 NSCE-00 OIC-02 OMB-01 PC-01 PM-00 ACE-00
P-00 SP-00 TEST-00 TRSE-00 USIE-00 FMP-00 PMB-00
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UNCLAS SECTION 04 OF 13 MEXICO 000615

E.O. 12958: DECLAS: N/A
TAGS: SNAR, MX
SUBJECT: INCSR CY01

FORCES. IN 2001, THE FOX ADMINISTRATION PLACED A
RENEWED FOCUS ON ADDRESSING THESE WEAKNESSES AND
INITIATED A RE-ORGANIZATION OF KEY FEDERAL LAW
ENFORCEMENT AGENCIES.

22. THE NATIONAL PUBLIC SAFETY SYSTEM (SNSP), WHICH
COORDINATES TRAINING FOR FEDERAL PREVENTIVE POLICE
(PFP) AS WELL AS VARIOUS STATE AND LOCAL LAW
ENFORCEMENT ENTITIES, IS MOVING FORWARD IN ITS GOAL OF
CREATING EIGHT REGIONAL POLICE ACADEMIES. THESE
ACADEMIES HAVE SIGNIFICANTLY ENHANCED TRAINING
UNCLASSIFIED

PAGE 02 MEXICO 00615 04 OF 13 251755Z
OPPORTUNITIES FOR MEXICAN FEDERAL AND STATE POLICE. IN
2001, APPROXIMATELY 11,250 MEXICAN LAW ENFORCEMENT
OFFICIALS PARTICIPATED IN U.S-SPONSORED TRAINING
COURSES.

23. AN INTEGRAL PART OF IMPROVING MEXICO'S CAPACITY TO
INTERCEPT ILLEGAL DRUGS HAS BEEN THE REORGANIZATION OF
THE PGR. IN EARLY 2001, THE ADMINISTRATION ABANDONED
ITS PLAN TO REORGANIZE THE PGR'S PROSECUTORIAL SECTOR
TO FOCUS ON MUCH-NEEDED REFORMS WITHIN THE FEDERAL
JUDICIAL POLICE (PJF). A STRATEGIC TRAINING PLAN WAS
DEVELOPED THAT FOCUSES ON MAKING THE NATIONAL TRAINING
ACADEMY MORE RELEVANT TO THE NEEDS OF A MODERN POLICE
FORCE.

24. PROGRESS WAS MADE ON THE DEVELOPMENT OF SUCH A
POLICE FORCE IN OCTOBER 2001 WHEN THE NEW FEDERAL
INVESTIGATIVE AGENCY (AFI) WAS FORMALLY CREATED TO
SERVE AS THE INVESTIGATIVE ARM OF THE PGR. THE 3,500-
PERSON AFI INCORPORATES THE FORMER PJF AND PERSONNEL
FROM OTHER COMPONENTS OF THE PGR. TO FULFILL ITS

MANDATE, AFI PLANS TO INCREASE ITS MANPOWER TO 8,000 AGENTS AND ANALYSTS BY THE YEAR 2006.

25. AFI MANAGEMENT HAS BEEN PROACTIVE IN SEEKING THE RESOURCES AND TRAINING TO MAKE THE AFI AN EFFECTIVE AND CREDIBLE LAW ENFORCEMENT BODY ABLE TO FIGHT INCREASINGLY SOPHISTICATED DRUG TRAFFICKING ORGANIZATIONS AND ORGANIZED CRIME SYNDICATES. AS PART OF THE OVERALL RESTRUCTURING OF THE PGR, THE NEW AFI ORGANIZATION PLAN CONTEMPLATES THE CREATION OF A CAREER
UNCLASSIFIED

PAGE 03 MEXICO 00615 04 OF 13 251755Z
LADDER FOR AFI AGENTS THAT LINKS TRAINING, YEARS OF SERVICE, AND ASCENDING LEVELS OF RESPONSIBILITY AS PREREQUISITES FOR ADVANCEMENT.

26. ANOTHER IMPORTANT CHANGE IS THE TRANSFORMATION OF THE CENTER FOR DRUG CONTROL (CENDRO) INTO AN INDEPENDENT INTELLIGENCE ANALYSIS ORGANIZATION UNDER THE OFFICE OF THE ATTORNEY GENERAL. CENDRO'S RESPONSIBILITIES ARE EXPANDING BEYOND DRUG CONTROL TO INCORPORATE ORGANIZED CRIMINAL ACTIVITIES INCLUDING ARMS TRAFFICKING, TERRORISM, TRAFFICKING IN ORGANS, TRAFFICKING IN CHILDREN, STOLEN CARS, MONEY LAUNDERING, AND KIDNAPPINGS. IT IS EXPECTED TO BE RENAMED THE NATIONAL CENTER FOR ANALYSIS PLANNING AND INTELLIGENCE (CENAPI). CENDRO AND AFI ARE IN THE PROCESS OF UPGRADING THEIR COMPUTER SYSTEMS WITH USG ASSISTANCE. THE COMMON THREAD IN THESE PROJECTS IS THE PROVISION OF CONNECTIVITY BETWEEN DIFFERENT UNITS AND MUCH IMPROVED ANALYTIC CAPABILITY. IN NOVEMBER, THE U.S. AND CENDRO COMPLETED A THREE-YEAR PROJECT TO PROVIDE A RADIO NETWORK TO SENSITIVE INVESTIGATIVE UNITS.

27. IN DECEMBER, THE SECRETARIAT OF NATIONAL DEFENSE AND THE U.S. DEPARTMENT OF STATE AGREED ON THE PROVISION OF TRAINING TO AUGMENT COUNTERDRUG SURVEILLANCE MISSIONS TO COINCIDE WITH THE 2002 DELIVERY OF FOUR UPGRADED C-26 AIRCRAFT.

LAW ENFORCEMENT EFFORTS

UNCLASSIFIED

PAGE 04 MEXICO 00615 04 OF 13 251755Z
28. MEXICO'S ANTI-DRUG ENFORCEMENT ACTIONS INCLUDED ORGANIZED CRIME INVESTIGATIONS; THE ARREST OF NUMEROUS IMPORTANT TRAFFICKERS; SUSTAINED MARIJUANA AND POPPY ERADICATION; MONEY LAUNDERING INVESTIGATIONS; CHEMICAL DIVERSION; AND INCREASED BILATERAL COOPERATION IN AIR, LAND, AND MARITIME DRUG INTERDICTION. OPERATIONS LANDSLIDE AND MARQUIS WERE BILATERALLY COORDINATED LAW ENFORCEMENT ACTIONS THAT RESULTED IN THE ARREST OF NUMEROUS TRAFFICKERS AND MONEY LAUNDERERS. THE

SIGNIFICANCE OF THESE AND OTHER OPERATIONS IN 2001 WAS AN UNPRECEDENTED ABILITY TO SHARE THE MOST SENSITIVE LAW ENFORCEMENT INTELLIGENCE WITHOUT COMPROMISE.

29. THE JOINT U.S.-MEXICO EFFORT TO CREATE SPECIALLY VETTED PGR COUNTERDRUG UNITS INSULATED FROM CORRUPTION TOOK ON NEW LIFE IN 2001. UNDER A NEW RESTRUCTURING PROGRAM, THE VETTED UNITS WERE REORGANIZED AND EXPANDED. THESE UNITS HOLD THE PROMISE OF IMPROVING THE PGR'S CAPABILITY TO INVESTIGATE IMPORTANT DRUG TRAFFICKING CASES AND ELIMINATING THE EXISTENCE AND TOLERATION OF CORRUPTION WITHIN THE LAW ENFORCEMENT SECTOR.

UNCLASSIFIED

UNCLASSIFIED PTQ1593

PAGE 01 MEXICO 00615 05 OF 13 251755Z
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UTED-00 TEDE-00 INR-00 IO-00 JUSE-00 L-00 AC-01
NSAE-00 NSCE-00 OIC-02 OMB-01 PC-01 PM-00 ACE-00
P-00 SP-00 TEST-00 TRSE-00 USIE-00 FMP-00 PMB-00
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TO SECSTATE WASHDC 5607

UNCLAS SECTION 05 OF 13 MEXICO 000615

E.O. 12958: DECLAS: N/A
TAGS: SNAR,MX
SUBJECT: INCSR CY01

ARRESTS

30. AN INTENSE MEXICAN LAW ENFORCEMENT OFFENSIVE THROUGHOUT 2001 RESULTED IN THE ARREST OF SEVERAL IMPORTANT TRAFFICKERS. AFTER THE JANUARY ESCAPE OF NARCOTICS KINGPIN JOAQUIN "CHAPO" GUZMAN LOERA FROM PUENTE GRANDE MAXIMUM-SECURITY PRISON IN GUADALAJARA, THE GOM TOOK A NO-QUARTER ATTITUDE IN LOCATING AND ARRESTING NARCOTICS TRAFFICKERS FROM MAJOR CARTELS. MULTIPLE ARRESTS OF KEY MEMBERS OF THESE ORGANIZATIONS
UNCLASSIFIED

PAGE 02 MEXICO 00615 05 OF 13 251755Z
UNDERSCORE THE FOX ADMINISTRATION'S COMMITMENT TO COMBAT DRUG TRAFFICKING.

31. IN MAY, THE EX-GOVERNOR OF QUINTANA ROO, MARIO

VILLANUEVA MADRID WAS ARRESTED AFTER A TWO-YEAR MANHUNT. VILLANUEVA REPUTEDLY USED HIS GOVERNORSHIP TO FACILITATE THE TRANSSHIPMENT OF DRUGS AND TO LAUNDER DRUG MONEY. HE IS CURRENTLY IN PRISON AWAITING PROSECUTION.

32. IN JUNE, ALCIDES RAMON MAGAA, AKA. EL METRO, WAS ARRESTED IN TABASCO BY THE MILITARY. EL METRO OPERATED A CELL FOR THE CARRILLO FUENTES ORGANIZATION TRANSSHIPPING TONS OF COCAINE INTO MEXICO, ALLEGEDLY UNDER THE PROTECTION OF VILLANUEVA MADRID.

OTHER NOTABLE ARRESTS INCLUDE:

33. IN MARCH, AN AFO CELL HEADED BY RIGOBERTO LLANEZ GUERRERO, AKA EL PRIMO, A COUSIN OF INCARCERATED AFO TRAFFICKER ISMAEL HIGUERA GUERRERO, WAS DISMANTLED BY THE MILITARY IN MEXICO CITY. IN ADDITION TO LLANEZ, OTHERS ARRESTED INCLUDED BERNARDO ARAUJO, AKA EL JABALI, ARIEL LLANEZ GUERRERO, AND ALFREDO NAHIM SALMAN AGUILAR.

34. IN APRIL, MILITARY UNITS ARRESTED GILBERTO GARCIA MENA OF THE GULF CARTEL. TWENTY TONS OF MARIJUANA WERE SEIZED AND THREE MILITARY OFFICERS, INCLUDING A BRIGADIER GENERAL, WERE ARRESTED FOR THEIR COMPLICITY.
UNCLASSIFIED

PAGE 03 MEXICO 00615 05 OF 13 251755Z

35. IN MAY, ADAN AMEZCUA WAS ARRESTED ON MONEY LAUNDERING CHARGES. HE JOINS HIS TWO OLDER BROTHERS, LUIS AND JOSE DE JESUS AMEZCUA, WHO REMAIN IN CUSTODY ON NARCOTICS-RELATED CHARGES. THE AMEZCUA ORGANIZATION IS NOTORIOUS FOR TRAFFICKING AND OPERATING CLANDESTINE METHAMPHETAMINE LABORATORIES THROUGHOUT MEXICO.

36. IN JULY, A KEY MONEY LAUNDERER FOR THE AFO, IVONNE SOTO VEGA, AKA. LA PANTERA, WAS ARRESTED IN TIJUANA. ALSO IN JULY, AFO ASSASSIN HUMBERTO RODRIGUEZ BANUELOS, AKA. LA RANA, WAS DISCOVERED IN A TIJUANA PRISON USING AN ASSUMED NAME. RODRIGUEZ HAD UNDERGONE PLASTIC SURGERY TO HIDE HIS IDENTITY. HE WAS TRANSFERRED TO A HIGH-SECURITY PRISON AND ACCUSED OF COMMITTING OR MASTERMINDING MULTIPLE MURDERS.

37. IN AUGUST, MEXICAN MILITARY AUTHORITIES APPREHENDED COLOMBIAN DRUG TRAFFICKER HERBERT ALBERTO CRUZ RUIZ AKA GINO BRUNETTI. CRUZ HAD LINKS TO THE AFO AND SERVED AS A KEY SUPPLIER OF COCAINE TO THE UNITED STATES.

38. IN SEPTEMBER, ARTURO GUZMAN LOERA, AKA EL POLLO, THE BROTHER OF ESCAPED TRAFFICKER JOAQUIN GUZMAN LOERA, WAS ARRESTED BY THE AFI IN MEXICO CITY. ARTURO'S ARREST FOLLOWED THE CAPTURE OF RICARDO BONILLA ARIZMENDI AND

FRANCISCO JAVIER CAMBEROS, AKA EL CHITO, WHO HELPED
JOAQUIN GUZMAN ESCAPE IN JANUARY.

39. IN NOVEMBER, ADAN SEGUNDO PEREZ WAS ARRESTED BY THE
AFI. SEGUNDO IS A SUSPECTED LIEUTENANT OF THE CARRILLO
UNCLASSIFIED

PAGE 04 MEXICO 00615 05 OF 13 251755Z
FUENTES ORGANIZATION.

40. IN DECEMBER, ELEMENTS OF THE PGR'S ORGANIZED CRIME
UNIT AND AFI CAPTURED MIGUEL CARO QUINTERO. EXCELLENT
BILATERAL COORDINATION CONTRIBUTED TO THIS MAJOR
ARREST. CARO QUINTERO WAS DESIGNATED A SIGNIFICANT
TRAFFICKER IN JUNE 2000 UNDER THE FOREIGN NARCOTICS
KINGPIN ACT. HE IS WANTED IN BOTH THE U.S. AND MEXICO.

41. GOM STATISTICS FOR 2001 SHOW A TOTAL OF 8,527
ARRESTS OF WHICH 8,365 WERE MEXICAN NATIONALS.
ACCORDING TO THE GOM, THESE NUMBERS REPRESENT A 23%
DECREASE IN THE NUMBER OF ARRESTS OVER 2000. EVEN WITH
THE DECREASE, THESE ACTIONS REPRESENT SIGNIFICANT
ACCOMPLISHMENTS FOR MEXICO'S COUNTERDRUG AGENCIES AND
THE MILITARY IN ARRESTING HIGH-LEVEL TRAFFICKERS. EACH
OF THESE ARRESTS INVOLVED SUCCESSFUL OPERATIONAL
PLANNING AND EXECUTION AND A NEW LEVEL OF INTERAGENCY
COOPERATION.

SEIZURES

UNCLASSIFIED

UNCLASSIFIED PTQ1595

PAGE 01 MEXICO 00615 06 OF 13 251755Z
ACTION WHA-00

INFO LOG-00 NP-00 AID-00 AMAD-00 CG-00 CIAE-00 CTME-00
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UTED-00 TEDE-00 INR-00 IO-00 JUSE-00 L-00 AC-01
NSAE-00 NSCE-00 OIC-02 OMB-01 PC-01 PM-00 ACE-00
P-00 SP-00 TEST-00 TRSE-00 USIE-00 FMP-00 PMB-00
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UNCLAS SECTION 06 OF 13 MEXICO 000615

E.O. 12958: DECLAS: N/A
TAGS: SNAR,MX
SUBJECT: INCSR CY01

42. MEXICAN LAW ENFORCEMENT AND MILITARY ENTITIES

REPORTED THE FOLLOWING STATISTICS FOR SEIZURES OF CONTROLLED SUBSTANCES IN 2001. PERCENTAGE INCREASES OR DECREASES REFLECT THE CHANGE FROM 2000. (NOTE: THESE ARE PRELIMINARY FIGURES SUBJECT TO REVISION).

43. 29.3 METRIC TONS OF COCAINE (26 PERCENT INCREASE)
2007 METRIC TONS OF MARIJUANA (13 PERCENT DECREASE)
243 KILOGRAMS OF HEROIN (20 PERCENT DECREASE)
485 KILOGRAMS OF OPIUM GUM (19 PERCENT INCREASE)
396 KILOGRAMS OF METHAMPHETAMINE (38 PERCENT DECREASE)
UNCLASSIFIED

PAGE 02 MEXICO 00615 06 OF 13 251755Z
18 CLANDESTINE LABORATORIES (22 PERCENT DECREASE)

44. THE HEROIN DECREASE MAY BE RELATED TO THE INCREASE IN OPIUM GUM SEIZURES. THESE STATISTICS MAY BE ATTRIBUTABLE TO THE CHANGE OF ADMINISTRATION IN MEXICO AND THE CONCOMITANT TIME IT TOOK THE NEW ADMINISTRATION TO APPOINT OFFICIALS AND ESTABLISH PRIORITIES AND WORKING AGENDAS.

45. ASSET SEIZURE & FORFEITURE: NO INFORMATION YET RECEIVED FROM PGR. NEED DATA ON WHAT AND FROM WHOM ASSETS WERE SEIZED.

46. AS A RESULT OF THE TRAGIC EVENTS OF SEPTEMBER 11, MEXICO JOINED INTERNATIONAL EFFORTS TO TRACK ASSETS POSSIBLY ASSOCIATED WITH TERRORIST ORGANIZATIONS. THIS HAS SIGNIFICANT IMPLICATIONS FOR DRUG TRAFFICKING ORGANIZATIONS WHOSE FINANCIAL OPERATIONS ARE NOW AT A HIGHER RISK OF DETECTION DUE TO INTENSIFIED SCRUTINY. DURING THE NOVEMBER 17 MEETING OF THE GROUP OF 20 IN OTTAWA, MEXICO AGREED TO FREEZE TERRORIST ASSETS AND TO IMPLEMENT A SWEEPING UN RESOLUTION AGAINST TERRORIST FINANCING. THIS INCLUDES MAKING PUBLIC LISTS OF TERRORISTS WITH FROZEN ASSETS AND MAINTAINING FINANCIAL INTELLIGENCE UNITS IN EACH COUNTRY TO TRACK TERRORIST FINANCING. ACCORDING TO THE SECRETARIAT OF FINANCE AND PUBLIC CREDIT (SHCP), THE COMPLIANCE SECTIONS OF ALL MAJOR BANKS ARE ACTIVELY SETTING UP NEW DATABASES TO TRACK SUSPICIOUS TRANSACTIONS AND ARE ESPECIALLY FOCUSED ON POSSIBLE LINKS TO TERRORIST ORGANIZATIONS-- DOMESTIC AND FOREIGN.

UNCLASSIFIED

PAGE 03 MEXICO 00615 06 OF 13 251755Z

ILLICIT CULTIVATION AND PRODUCTION

47. (PLEASE NOTE THAT NNNN WILL BE FILLED-IN BY WASHINGTON WHEN NUMBERS ARE RECEIVED FROM CNC)

48. ILLICIT CULTIVATION PATTERNS HAVE NOT CHANGED AND ARE CHARACTERIZED BY THE USE OF SMALL FIELDS IN REMOTE

LOCATIONS ON PUBLIC LANDS. THE CULTIVATION AREA IS WIDELY DISPERSED ACROSS A LARGE POTENTIAL GROWING AREA IN THE WESTERN SIERRA MADRE MOUNTAINS OF MEXICO.

49. THE GOM DOES NOT PRODUCE ESTIMATES OF ILLEGAL DRUG CROP CULTIVATION. ACCORDING TO USG ESTIMATES, MEXICO'S 2001 NET OPIUM POPPY CROP CULTIVATION WAS NNNN HECTARES YIELDING SOME NN METRIC TONS OF OPIUM GUM. THIS COMPARES TO NNNN HECTARES YIELDING SOME 24 METRIC TONS OF OPIUM GUM IN 2000. AT CURRENT CONVERSION RATES, THESE LEVELS YIELD SOME NNN METRIC TONS OF HEROIN IN 2001 AS COMPARED TO 2.4 METRIC TONS IN 2000.

50. ALSO ACCORDING TO USG ESTIMATES, NET MARIJUANA PRODUCTION IN MEXICO IN 2001, WAS NNNN METRIC TONS OF CANNABIS, BASED ON NET HARVEST AREA OF NNNNN HECTARES OF CULTIVATION. THIS COMPARES WITH 7,000 METRIC TONS IN A HARVEST AREA OF 3,900 HECTARES IN 2000.

51. THE TWO GOVERNMENTS CONTINUED A JOINT STUDY TO REFINER THE ESTIMATED YIELD OF MEXICAN OPIUM POPPY PLANTS. PRELIMINARY RESULTS OF THIS EVALUATION SUGGEST
UNCLASSIFIED

PAGE 04 MEXICO 00615 06 OF 13 251755Z
A HIGHER OPIUM YIELD PER HECTARE IN MEXICO THAN PREVIOUSLY ESTIMATED. IN THE SOUTHERN STATES OF GUERRERO, OAXACA, MICHOACAN, AND NAYARIT, THE YIELD IS SOME 11 KILOGRAMS OF OPIUM GUM PER HECTARE, WHILE IN THE NORTHERN GROWING AREAS OF SINALOA, DURANGO, AND CHIHUAHUA, THE YIELD IS ESTIMATED AT APPROXIMATELY 21 KILOGRAMS PER HECTARE. A BILATERAL TEAM IS EVALUATING THE IMPLICATIONS OF THESE REVISED ESTIMATES WHICH, WHEN APPLIED TO THE ESTIMATED NET HARVEST AREA IN PAST YEARS, RAISE OPIUM GUM PRODUCTION IN MEXICO 30 TO 50 PERCENT PER YEAR. ONE OF THE FINDINGS OF THE STUDY SUGGESTS THAT OPIUM CULTIVATION TECHNIQUES IN THE NORTHERN GROWING AREA ARE COMPARABLE TO COMMERCIAL AGRICULTURAL PRACTICES, WHILE IN THE SOUTH, THE CULTIVATION PRACTICES ARE COMPARABLE TO SUBSISTENCE FARMING.

52. THE MILITARY AND THE PGR CONTINUED THEIR SUCCESSFUL MANUAL AND AERIAL ERADICATION PROGRAMS, POSTING ERADICATION FIGURES HIGHER THAN 2000'S GAINS, BASED ON GOM REPORTING. IN 2001, THE GOM ERADICATED 18,784 HECTARES OF OPIUM POPPY. THIS COMPARES WITH 15,621 HECTARES DURING 2000. ADDITIONALLY, THE GOM REPORTED

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UNCLASSIFIED PTQ1598

PAGE 01 MEXICO 00615 07 OF 13 251756Z
ACTION WHA-00

INFO LOG-00 NP-00 AID-00 AMAD-00 CG-00 CIAE-00 CTME-00
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NSAE-00 NSCE-00 OIC-02 OMB-01 PC-01 PM-00 ACE-00
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FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 5609

UNCLAS SECTION 07 OF 13 MEXICO 000615

E.O. 12958: DECLAS: N/A
TAGS: SNAR,MX
SUBJECT: INCSR CY01

ERADICATION OF 28,831 HECTARES OF MARIJUANA IN 2001
COMPARED WITH 31,019 HECTARES IN 2000.

EXTRADITION

53. IN 2001, THE GOM EXTRADITED 17 FUGITIVES TO THE
U.S., AS COMPARED TO 12 IN 2000. OF THE 17, ELEVEN WERE
EXTRADITED FOR DRUG OFFENSES. THE U.S. EXTRADITED NINE
FUGITIVES TO MEXICO IN 2001, DOWN FROM 15 IN 2000.

UNCLASSIFIED

PAGE 02 MEXICO 00615 07 OF 13 251756Z

54. THOSE EXTRADITED TO THE U.S. IN 2001 INCLUDED
ARTURO "KITI" PAEZ MARTINEZ, A DESIGNATED KINGPIN AND
MEMBER OF THE AFO; ISAIAS HERNANDEZ GARZA AND JUAN
HERNANDEZ IBARRA, HEROIN TRAFFICKERS AND TARGETS OF
OPERATION TAR PIT; FRANCISCO CAMARENA MACIAS, A DRUG
TRAFFICKER WHO TRANSPORTED COCAINE THROUGH THE NARCO-
TUNNELS IN DOUGLAS, ARIZONA; CHRISTOPHER DAVID KING, A
COCAINE TRAFFICKER AND MANUFACTURER; AND MIGUEL ANGEL
MARTINEZ MARTINEZ, A COCAINE TRAFFICKER AND MONEY
LAUNDERER.

55. IN JANUARY 2001, THE MEXICAN SUPREME COURT AFFIRMED
THE MEXICAN EXECUTIVE'S ABSOLUTE DISCRETION TO
EXTRADITE MEXICAN NATIONALS PURSUANT TO ARTICLE 9 OF
THE EXISTING U.S.-MEXICO EXTRADITION TREATY. THIS
DECISION RESOLVED A PERCEIVED CONTRADICTION BETWEEN THE
MEXICAN PENAL CODE AND THE EXTRADITION TREATY OVER
WHETHER MEXICAN CITIZENS MUST BE TRIED IN MEXICO FOR
CRIMES COMMITTED ABROAD OR MAY BE EXTRADITED FOR TRIAL
IN THE COUNTRY WHOSE LAWS HAVE BEEN VIOLATED BY THEIR
CRIMINAL ACTIVITIES.

56. THE MAY ENTRY INTO FORCE OF THE TEMPORARY SURRENDER
PROTOCOL TO THE BILATERAL EXTRADITION TREATY SHOULD
FACILITATE THE PROSECUTION OF CRIMINALS WANTED IN BOTH

COUNTRIES. THE PROTOCOL PROVIDES FOR THE TEMPORARY EXTRADITION OF FUGITIVES PROSECUTED IN ONE COUNTRY TO STAND TRIAL IN THE OTHER COUNTRY WHILE WITNESSES ARE AVAILABLE. PRIOR TO THE APPROVAL OF THIS PROTOCOL, A DEFENDANT CONVICTED IN MEXICO WOULD HAVE TO COMPLETE HIS/HER ENTIRE SENTENCE IN MEXICO BEFORE BEING

UNCLASSIFIED

PAGE 03 MEXICO 00615 07 OF 13 251756Z
EXTRADITED TO STAND TRIAL IN THE U.S. THIS DELAY FREQUENTLY FRUSTRATED EFFORTS TO BRING THESE DEFENDANTS TO TRIAL IN THE U.S., AS CRITICAL WITNESSES MAY NOT BE AVAILABLE YEARS AFTER THE CRIME WAS COMMITTED.

57. IN OCTOBER 2001, THE EXTRADITION RELATIONSHIP SUFFERED A SIGNIFICANT SETBACK WHEN THE MEXICAN SUPREME COURT RULED THAT LIFE IMPRISONMENT IS UNCONSTITUTIONAL AND THEREFORE CAN BE AN EXCLUSIVE BAR TO EXTRADITION FOR ANY FUGITIVE WHO COULD FACE A POTENTIAL LIFE SENTENCE OUTSIDE MEXICO. WITHOUT FORMAL ASSURANCES THAT PROSPECTIVE EXTRADITEES WILL NOT FACE A LIFE SENTENCE IN THE REQUESTING COUNTRY, THIS DECISION HAS THE POTENTIAL TO FRUSTRATE THE EXTRADITION TO THE U.S. OF THE MOST SERIOUS FUGITIVES.

58. NOTWITHSTANDING AN INCREASED NUMBER OF EXTRADITIONS IN 2001, MULTIPLE EXTRADITION REQUESTS HAVE FACED HYPER-TECHNICAL AND OVERLY LEGALISTIC ANALYSIS BEFORE THE FOREIGN MINISTRY AND MEXICAN COURTS. THE INABILITY TO ADDRESS "HARMLESS ERROR," SUCH AS MISTAKES IN TRANSCRIPTION, TYPIFIES THE KIND OF SCRUTINY US REQUESTS HAVE EXPERIENCED.

59. AS OF DECEMBER 31, 2001, THERE WERE 55 PERSONS IN MEXICAN CUSTODY PENDING EXTRADITION TO THE UNITED STATES. THIS GROUP INCLUDES AGUSTIN VASQUEZ MENDOZA, WANTED IN CONNECTION WITH THE 1994 MURDER OF DEA SPECIAL AGENT RICHARD FASS; ISMAEL HIGUERA GUERRERO, A TOP LIEUTENANT OF THE AFO; AND JESUS AMEZCUA CONTRERAS, A NOTED METHAMPHETAMINE TRAFFICKER. UNFORTUNATELY, AN

UNCLASSIFIED

PAGE 04 MEXICO 00615 07 OF 13 251756Z
APPELLATE COURT RULED AGAINST THE EXTRADITION OF LUIS AMEZCUA IN JANUARY 2001, FINDING THAT THE GOM FAILED TO ACTIVELY PURSUE THE REQUEST ON BEHALF OF THE U.S. LUIS AMEZCUA, NONETHELESS, REMAINS IN CUSTODY ON MEXICAN CHARGES.

DEMAND REDUCTION

60. MEXICO FACES AN INCREASED INTERNAL DRUG ABUSE THREAT RELATED TO DRUG TRAFFICKING. ACCORDING TO A GOM REPORT HIGHLIGHTED DURING THE FOURTH ANNUAL U.S.-MEXICO BINATIONAL DEMAND REDUCTION CONFERENCE, THE CONSUMPTION

OF COCAINE INCREASED OVER 500 PERCENT IN MEXICO BETWEEN 1991 AND 2000, INCREASING FROM ONE PERCENT IN 1991 TO ABOUT FIVE PERCENT IN 2000. ADDITIONALLY, THE USE OF HEROIN, CRACK, AND METHAMPHETAMINES HAS ALSO RISEN SIGNIFICANTLY. CRACK USE TRIPLED DURING THE PERIOD 1996 TO 2000 WHILE THE CONSUMPTION OF MARIJUANA NEARLY DOUBLED FROM ABOUT THREE TO NEARLY SIX PERCENT. THE MEXICAN GOVERNMENT STUDY NOTED THAT COCAINE HAS REPLACED MARIJUANA AS THE DRUG OF CHOICE AMONG YOUNG CONSUMERS. THE STUDY ALSO NOTES INDICATIONS THAT THE

UNCLASSIFIED

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PAGE 01 MEXICO 00615 08 OF 13 251756Z
ACTION WHA-00

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NSAE-00 NSCE-00 OIC-02 OMB-01 PC-01 PM-00 ACE-00
P-00 SP-00 TEST-00 TRSE-00 USIE-00 FMP-00 PMB-00
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TO SECSTATE WASHDC 5610

UNCLAS SECTION 08 OF 13 MEXICO 000615

E.O. 12958: DECLAS: N/A
TAGS: SNAR,MX
SUBJECT: INCSR CY01

USE OF HEROIN IS INCREASING IN MEXICO CITY.

61. THE MEXICAN GOVERNMENT HAS GIVEN SPECIAL ATTENTION TO THE NORTHERN BORDER WHERE THE INCIDENCE OF DRUG ABUSE IS AS MUCH AS THREE TIMES THE NATIONAL AVERAGE. DEMAND REDUCTION PROJECTS IN THE BORDER CITIES OF TIJUANA AND CIUDAD JUAREZ HAVE SOUGHT ALLIANCES WITH SIMILAR EFFORTS IN ADJACENT U.S. CITIES.

62. THE SECRETARIAT OF HEALTH, THROUGH ITS NATIONAL COUNCIL AGAINST ADDICTIONS (CONADIC), IS COORDINATING
UNCLASSIFIED

PAGE 02 MEXICO 00615 08 OF 13 251756Z
COUNTRYWIDE PREVENTION, TREATMENT, AND REHABILITATION PROGRAMS. CONADIC, WORKING WITH AN NGO, HAS 72 LOCAL OFFICES ACROSS MEXICO THAT CONDUCT OUTREACH PROGRAMS ENGAGING AT-RISK YOUTH IN AFTER-SCHOOL PREVENTION PROGRAMS. PRESIDENT FOX PERSONALLY UNDERScored HIS SUPPORT FOR DEMAND REDUCTION AT CONADIC'S NATIONAL CONGRESS CITING THE GOM'S THREE-TIER EMPHASIS ON

HEALTH, EDUCATION, AND LAW ENFORCEMENT LED BY THE
SECRETARIATS OF HEALTH AND EDUCATION AND THE PGR.

CORRUPTION

63. PERVASIVE CORRUPTION IN MEXICAN LAW ENFORCEMENT
INSTITUTIONS REMAINS THE GREATEST CHALLENGE FACING THE
GOM IN ITS EFFORTS TO FIGHT DRUG TRAFFICKING AND
ORGANIZED CRIME.

64. A LACK OF POLICE OPERATIONAL FUNDS, LACK OF
EQUIPMENT AND TRAINING, LOW SALARIES, AND LIMITED
CAREER TRAJECTORIES STYMIE EFFORTS TO REDUCE
CORRUPTION. DRUG MONEY FURTHER CORRODES AN ALREADY WEAK
CULTURE OF LAW ENFORCEMENT. NEVERTHELESS, THE GOM
INITIATED SEVERAL IMPORTANT CHANGES AIMED AT
ELIMINATING THE CLIMATE OF CORRUPTION IN THE LAW
ENFORCEMENT SECTOR. THESE INCLUDE THE EVENTUAL
PROVISION OF ADEQUATE SALARIES AND BENEFITS AND AN
EMPHASIS ON PROFESSIONALIZATION. THE SUCCESS OF THESE
EFFORTS WILL REQUIRE A SUSTAINED COMMITMENT AT THE
HIGHEST LEVELS TO SECURE THE BUDGETARY RESOURCES
NECESSARY TO IMPLEMENT AND FOSTER CHANGE.

UNCLASSIFIED

PAGE 03 MEXICO 00615 08 OF 13 251756Z

65. THE SECRETARIAT OF THE COMPTROLLER AND
ADMINISTRATIVE DEVELOPMENT (SECODAM) VIGOROUSLY PURSUED
ALLEGATIONS OF OFFICIAL CORRUPTION IN 2001. SECODAM HAS
OVERSIGHT OVER INSPECTOR GENERAL-TYPE AUDITS OF FEDERAL
AGENCIES AND FOCUSES PRIMARILY ON WHITE-COLLAR
CORRUPTION, MANAGEMENT TRAINING, AND INTERNAL CONTROLS.
IT HAS THE AUTHORITY TO LEVY ADMINISTRATIVE SANCTIONS
AGAINST CORRUPT OFFICIALS. IN DECEMBER, SECODAM
UNVEILED A FIVE-YEAR PLAN TO ADDRESS PUBLIC CORRUPTION.
THE PLAN HAS FIVE STRATEGIC OBJECTIVES: 1) PREVENT AND
REDUCE CORRUPT PRACTICES AND IMPUNITY, 2) CONTROL AND
DETECT CORRUPTION, 3) PUNISH CORRUPTION AND IMPUNITY,
4) PROVIDE TRANSPARENCY AND ACHIEVE CITIZEN
PARTICIPATION, AND 5) RESPONSIBLY ADMINISTER PUBLIC
RESOURCES.

66. NOTABLE EFFORTS BY MEXICO TO PUNISH DRUG-RELATED
CORRUPTION INCLUDE:

67. IN JANUARY, NARCOTICS KINGPIN JOAQUIN "CHAPO"
GUZMAN LOERA ESCAPED FROM A HIGH SECURITY PRISON WITH
THE ASSISTANCE OF PRISON AUTHORITIES. THE GOM TOOK
SWIFT ACTION TO DISMISS FROM DUTY, ARREST, AND INITIATE
PROSECUTION OF THOSE WHO ALLEGEDLY ASSISTED GUZMAN
INCLUDING THE DIRECTOR OF THE PRISON WHERE GUZMAN WAS
INCARCERATED.

68. IN FEBRUARY, MEXICALI MUNICIPAL POLICE DIRECTLY

INTERVENED TO FRUSTRATE A PGR/MILITARY ATTEMPT TO
ARREST GILBERTO HIGUERA GUERRERO, A MAJOR AFO
UNCLASSIFIED

PAGE 04 MEXICO 00615 08 OF 13 251756Z
LIEUTENANT. THE GOM RESPONDED WITH A CRACKDOWN THAT
INCLUDED THE ARRESTS OF STATE AND LOCAL POLICE.

69. THE APRIL ARREST OF A BRIGADIER GENERAL AND TWO
STAFF OFFICERS FOR THEIR INVOLVEMENT WITH THE GULF
CARTEL SENT A STRONG SIGNAL THAT SUCH COMPLICITY WILL
NOT BE TOLERATED.

70. IN DECEMBER, ENRIQUE HARARI GARDUNO, FORMER
COMMANDER OF THE DEFUNCT FEDERAL HIGHWAY POLICE, WAS
SENTENCED TO FOUR YEARS IN PRISON ON CHARGES OF ILLEGAL
ARMS POSSESSION. HARARI HAS BEEN IN CUSTODY SINCE
AUGUST 2000 FOR ASSISTING THE AFO.

71. THE EXTENSIVE REACH OF CORRUPTION STILL PERVADES
MEXICAN LAW ENFORCEMENT INSTITUTIONS. ON DECEMBER 30,
2000, FORMER FEDERAL JUDICIAL POLICE DELEGATE TO
CHIHUAHUA STATE, JOSE MANUEL DIAZ PEREZ, WAS ARRESTED
OUTSIDE PGR HEADQUARTERS WITH A SUITCASE CONTAINING
APPROXIMATELY USD 500,000 ALLEGEDLY MEANT FOR A FEDERAL
DEPUTY ATTORNEY GENERAL AS PAYMENT FOR SECURING
SUPERVISORY POLICE POSITIONS IN CHIHUAHUA. ALTHOUGH
ABSOLVED OF GUILT, THE DEPUTY ATTORNEY GENERAL

UNCLASSIFIED

UNCLASSIFIED PTQ1601

PAGE 01 MEXICO 00615 09 OF 13 251756Z
ACTION WHA-00

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NSAE-00 NSCE-00 OIC-02 OMB-01 PC-01 PM-00 ACE-00
P-00 SP-00 TEST-00 TRSE-00 USIE-00 FMP-00 PMB-00
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FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 5611

UNCLAS SECTION 09 OF 13 MEXICO 000615

E.O. 12958: DECLASS: N/A
TAGS: SNAR,MX
SUBJECT: INCSR CY01

RESIGNED. DIAZ PEREZ WAS ORDERED JAILED FOR CONTEMPT OF
COURT IN CONNECTION WITH THE CASE.

72. THE GOM HAS ESTABLISHED SEVERAL PROGRAMS TO DEAL WITH CORRUPTION. THE NATIONAL PUBLIC SAFETY SYSTEM MAINTAINS A NATIONAL POLICE REGISTRY TO PREVENT POLICE OFFICIALS DISMISSED FOR CORRUPTION FROM BEING HIRED BY ANOTHER LAW ENFORCEMENT ENTITY. THE PGR EXPANDED ITS VETTING PROCESS IN 2001 TO TRACK EMPLOYEES THROUGHOUT THEIR CAREERS. IN 2001, THE PGR CONDUCTED SUITABILITY REVIEWS OF APPROXIMATELY 14,000 EMPLOYEES INCLUDING
UNCLASSIFIED

PAGE 02 MEXICO 00615 09 OF 13 251756Z
FEDERAL PROSECUTORS, POLICE AGENTS, FORENSIC EXPERTS, AND PILOTS ASSIGNED TO COUNTERDRUG DUTIES. OF THESE, OVER 1,100 EMPLOYEES WERE DISMISSED FOR IRREGULARITIES DISCOVERED DURING REVIEWS THAT INCLUDED POLYGRAPHS, TOXICOLOGICAL TESTS FOR DRUG USE, AND QUESTIONABLE FINANCIAL HOLDINGS.

73. EMPLOYEES WHO ARE REMOVED AFTER FAILING THE SCREENING, OR WHO ARE FOUND TO BE CORRUPT OR INCOMPETENT, HAVE NO RIGHT TO REINSTATEMENT. HOWEVER, MANY OF THESE EMPLOYEES WON REINSTATEMENT AND BACK PAY THROUGH COURT ACTION.

AGREEMENTS AND TREATIES -----

74. MEXICO IS A PARTY TO THE 1988 UN DRUG CONVENTION, THE 1961 UN SINGLE CONVENTION ON DRUGS AS AMENDED BY THE 1972 PROTOCOL, AND THE 1971 UN CONVENTION ON PSYCHOTROPIC SUBSTANCES. IT ALSO SUBSCRIBES TO REGIONAL ANTI-DRUG COMMITMENTS, INCLUDING THE 1996 ANTI-DRUG STRATEGY IN THE HEMISPHERE AND 1990 DECLARATION OF IXTAPA, WHICH COMMIT SIGNATORIES TO TAKE STRONG ACTION AGAINST DRUG TRAFFICKING, INCLUDING CONTROLLING MONEY LAUNDERING AND PREVENTING CHEMICAL DIVERSION. MEXICO HAS BILATERAL NARCOTICS ACCORDS WITH 32 COUNTRIES.

75. THE U.S.-MEXICO EXTRADITION TREATY HAS BEEN IN FORCE SINCE 1980. A U.S.-MEXICO PROTOCOL TO THE EXTRADITION TREATY PERMITTING THE TEMPORARY SURRENDER FOR TRIAL OF FUGITIVES WHO ARE SERVING A SENTENCE IN
UNCLASSIFIED

PAGE 03 MEXICO 00615 09 OF 13 251756Z
ONE COUNTRY BUT ALSO ARE WANTED ON CRIMINAL CHARGES IN THE OTHER ENTERED INTO FORCE IN MAY 2001.

76. MEXICO ASSUMED THE VICE-CHAIR OF THE INTER-AMERICAN DRUG ABUSE CONTROL COMMISSION (CICAD) IN NOVEMBER 2001. MEXICO HAS OFFERED TECHNICAL ASSISTANCE TO THE FLEDGLING CENTRAL AMERICAN PERMANENT ANTI-DRUG COMMISSION (CCP).

77. IN JULY 2001, MEXICO AND COLOMBIA SOUGHT TO DEFINE A SECURITY ALLIANCE THAT CONTEMPLATES THE THREAT

NARCOTICS TRAFFICKING POSES TO BOTH NATIONS. A "HIGH LEVEL GROUP ON MEXICAN-COLOMBIAN JUSTICE AND SECURITY" COMPOSED OF THE REPRESENTATIVES FROM BOTH COUNTRIES' MINISTRIES OF FOREIGN AFFAIRS, DEFENSE, NAVY AND ATTORNEYS GENERAL, AMONG OTHERS, CONFIRMED THEIR GOVERNMENTS' COMMITMENT TO FIGHT ORGANIZED CRIME AND NARCOTICS TRAFFICKING THROUGH INFORMATION EXCHANGE, TRAINING, AND MUTUAL LEGAL ASSISTANCE.

BILATERAL COOPERATION

78. THE U.S. AND MEXICO COOPERATE IN A RANGE OF BILATERAL COUNTERDRUG AND LAW ENFORCEMENT FORA. SENIOR BILATERAL ENTITIES INCLUDE THE LEGAL WORKING GROUP OF THE BINATIONAL COMMISSION CHAIRED BY THE ATTORNEYS' GENERAL OF BOTH COUNTRIES. THE SENIOR LAW ENFORCEMENT PLENARY GROUP ALSO CONTINUES TO MEET TWICE YEARLY TO MONITOR AND GUIDE BILATERAL ACTIONS AT THE PRACTICAL AND OPERATIONAL LEVEL. THE HIGH-LEVEL CONTACT GROUP ON

UNCLASSIFIED

PAGE 04 MEXICO 00615 09 OF 13 251756Z
 DRUG CONTROL (HLCG), HEADED BY OFFICE OF NATIONAL DRUG CONTROL POLICY (ONDCP), THE U.S. ATTORNEY GENERAL, THE MEXICAN FOREIGN SECRETARY, AND THE MEXICAN ATTORNEY GENERAL WAS ABANDONED BY MUTUAL CONSENT WITH THE INAUGURATIONS OF THE TWO NEW PRESIDENTIAL ADMINISTRATIONS. THE FIVE WORKING GROUPS OF THE HLCG (MONEY LAUNDERING, DEMAND REDUCTION, ARMS TRAFFICKING, INTERDICTION, AND PRECURSOR CHEMICALS) CONTINUE TO MEET UNDER THE AUSPICES OF THE BINATIONAL COMMISSION. IN 2001, BOTH SIDES AGREED TO ADD TWO NEW WORKING GROUPS, CYBERCRIME/INTELLECTUAL PROPERTY RIGHTS AND MIGRANT SMUGGLING, TO REFLECT THE EXPANSION OF THE LAW ENFORCEMENT RELATIONSHIP BETWEEN THE TWO COUNTRIES.

79. AT THE WORKING LEVEL, THE CLIMATE OF COOPERATION WITHIN THE BILATERAL LAW ENFORCEMENT COMMUNITY HAS IMPROVED DRAMATICALLY. FOR THE FIRST TIME IN RECENT MEMORY, BOTH SIDES ARE SHARING SENSITIVE INFORMATION ON COUNTER DRUG CASES.

80. THE BILATERAL GROUP FOR ANALYSIS AND INFORMATION EXCHANGE ON INTERDICTION IS NOTABLE FOR ITS SUCCESS IN SEEKING PRACTICAL AND MUTUALLY ADVANTAGEOUS SOLUTIONS

UNCLASSIFIED

UNCLASSIFIED PTQ1602

PAGE 01 MEXICO 00615 10 OF 13 251756Z
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NSAE-00 NSCE-00 OIC-02 OMB-01 PC-01 PM-00 ACE-00
P-00 SP-00 TEST-00 TRSE-00 USIE-00 FMP-00 PMB-00
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FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 5612

UNCLAS SECTION 10 OF 13 MEXICO 000615

E.O. 12958: DECLAS: N/A
TAGS: SNAR,MX
SUBJECT: INCSR CY01

TO SUPPORT INTERDICTION EFFORTS. BUILDING ON THE
SUCCESS OF THE MARITIME PROTOCOL ADOPTED LAST YEAR, IN
2001, THE GROUP ESTABLISHED AND IMPLEMENTED A BILATERAL
AIR-TO-AIR COMMUNICATIONS PLAN TO FACILITATE REAL-TIME
COMMUNICATIONS BETWEEN AIR ASSETS OF BOTH COUNTRIES.
THIS HAS RESULTED IN A SIGNIFICANT INCREASE IN THE FLOW
OF TIMELY COUNTERDRUG INFORMATION. OTHER ACHIEVEMENTS
INCLUDE JOINT POST-SEIZURE EXPLOITATION AND ANALYSIS
INVOLVING MARITIME SEIZURES THAT HAVE YIELDED VALUABLE
INFORMATION ON THE ORIGIN OF DRUGS SEIZED. THE
COLLABORATION OF THIS GROUP IS INDICATIVE OF THE
UNCLASSIFIED

PAGE 02 MEXICO 00615 10 OF 13 251756Z
IMPROVED LAW ENFORCEMENT COORDINATION THAT HAS
CHARACTERIZED THE BILATERAL RELATIONSHIP OVER THE PAST
YEAR.

81. THE EXCEPTIONAL COOPERATION HAS OPENED NUMEROUS
TRAINING OPPORTUNITIES. THE NUMBER OF MEXICAN STUDENTS
RECEIVING U.S.-SPONSORED LAW ENFORCEMENT TRAINING
TRIPLED IN 2001 IN RESPONSE TO UNPRECEDENTED DEMAND
FROM MEXICAN LAW ENFORCEMENT AGENCIES. COURSES RANGED
FROM BASIC LAW ENFORCEMENT AND ADVANCED NARCOTICS
TRAINING TO CLANDESTINE LAB DESTRUCTION AND VIP
PROTECTION. ION SCANNER AND NIGHT VISION GOGGLE
TRAINING PROVED ESPECIALLY PRODUCTIVE IN THE GOM'S DRUG
INTERDICTION EFFORTS.

MILITARY-TO-MILITARY COOPERATION

82. THE MEXICAN MILITARY PLAYS A KEY ROLE IN MEXICO'S
COUNTERDRUG EFFORTS. THE MEXICAN MILITARY CONTINUES TO
BE COOPERATIVE IN BILATERAL OPERATIONS. THE NAVY
RECENTLY PLEDGED ITS SUPPORT FOR AN EXPANDED ROLE IN
MILITARY-TO-MILITARY INTELLIGENCE SHARING. THE MEXICAN
ARMY HAS ALSO INCREASED ITS CONTACT WITH THE U.S.
MILITARY IN THE FORM OF RECIPROCAL VISITS AND
INFORMATION SHARING. AN AUGUST 2001 VISIT TO THE U.S.
BY SECRETARY OF NATIONAL DEFENSE WAS FOLLOWED BY A

VISIT TO MEXICO BY THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF.

MONEY LAUNDERING
UNCLASSIFIED

PAGE 03 MEXICO 00615 10 OF 13 251756Z

83. THROUGHOUT 2001, MEXICO CONTINUED TO ENACT DOMESTIC LEGISLATION TO STRENGTHEN REPORTING OF LARGE VALUE AND SUSPICIOUS CURRENCY TRANSACTIONS. MOST IMPORTANTLY, THE REPORTING THRESHOLDS FOR PHYSICAL TRANSPORT OF CURRENCY OR BEARER MONETARY INSTRUMENTS OVER \$10,000 OR ITS EQUIVALENT, INTO OR OUT OF MEXICO IS NOW CONSISTENT WITH U.S. THRESHOLDS. ALSO IMPORTANT WAS MEXICO'S EXTENSION OF SUSPICIOUS TRANSACTION REPORTING REQUIREMENTS TO THE SMALLER FOREIGN EXCHANGE HOUSES THAT PROCESS MOST OF THE REMITTANCES FROM MEXICAN WORKERS IN THE UNITED STATES. THIS IS A CORRECTION OF A LOOPHOLE NOTED IN LAST YEAR'S REPORT.

84. THE SECRETARY OF FINANCE AND PUBLIC CREDIT (SHCP) REPORTED NNNN LARGE VALUE TRANSACTIONS WITH A TOTAL VALUE OF \$NNN MILLION PESOS AND NNNN SUSPICIOUS TRANSACTIONS WITH A TOTAL VALUE OF \$NNN MILLION PESOS. THIS COMPARES WITH NNNN LARGE VALUE TRANSACTIONS AND NNNN SUSPICIOUS TRANSACTIONS IN 2000. THERE HAVE BEEN NN INVESTIGATIONS FORWARDED TO THE PGR FOR PROSECUTION THIS YEAR. EFFORTS BY THE PGR'S FINANCIAL INVESTIGATIVE UNIT HAVE RESULTED IN THE INITIATION OF 23 INVESTIGATIONS. DURING 2001, THERE WERE NO CONVICTIONS UNDER MEXICO'S ANTI-MONEY LAUNDERING STATUTES.

85. SIGNIFICANTLY, THE FINANCIAL INDUSTRY IN MEXICO HAS BEGUN TO EXERCISE AN IMPORTANT ROLE IN THE FIGHT AGAINST MONEY LAUNDERING THROUGH ITS COMPLIANCE ACTIVITIES. ADDITIONALLY, THE MEXICAN PRIVATE SECTOR,
UNCLASSIFIED

PAGE 04 MEXICO 00615 10 OF 13 251756Z
CONCERNED WITH THE VULNERABILITY OF INDUSTRY TO MONEY LAUNDERING, IS SEEKING METHODS TO PREVENT THE USE OF LEGITIMATE COMPANIES AS MONEY LAUNDERING FRONTS FOR CRIMINAL ORGANIZATIONS. IN OCTOBER, THE U.S. CUSTOMS SERVICE AND MEXICO CITY ENTREPRENEURS INAUGURATED A BUSINESS ANTI-SMUGGLING COALITION (BASC) THAT INCLUDES THE ESTABLISHMENT OF A FINANCIAL BASC CHAPTER CREATED TO DETER MONEY LAUNDERING.

86. IN A BILATERALLY COORDINATED LAW ENFORCEMENT EFFORT, THE 18-MONTH-LONG OPERATION MARQUIS, TARGETING A NUEVO LAREDO-BASED POLY-DRUG ORGANIZATION, RESULTED IN 261 ARRESTS IN THE U.S. AND MEXICO, AND IDENTIFIED A NETWORK OF MONEY LAUNDERERS.

87. THIS YEAR THE EFFORTS OF THE SHCP AND THE PGR HAVE FOCUSED ON RESTRUCTURING THE COMPLIANCE AND INVESTIGATIVE UNITS. NEITHER THIS RESTRUCTURING NOR THE ESTABLISHMENT OF AN INDEPENDENT INVESTIGATIVE FINANCIAL PROSECUTORIAL UNIT IN THE PGR HAVE YIELDED THE ANTICIPATED SHARING OF INFORMATION NECESSARY TO DEVELOP INVESTIGATIONS.

UNCLASSIFIED

UNCLASSIFIED PTQ1603

PAGE 01 MEXICO 00615 11 OF 13 251756Z
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UTED-00 TEDE-00 INR-00 IO-00 JUSE-00 L-00 AC-01
NSAE-00 NSCE-00 OIC-02 OMB-01 PC-01 PM-00 ACE-00
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R 251743Z JAN 02
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 5613

UNCLAS SECTION 11 OF 13 MEXICO 000615

E.O. 12958: DECLAS: N/A
TAGS: SNAR,MX
SUBJECT: INCSR CY01

88. AS PART OF THE REORGANIZATION OF THE SHCP, THE AUTOMATED FILING OF MEXICAN FINANCIAL SECTOR REPORTS FROM BANKS, WHEN COMPLETED, WILL GREATLY SPEED THE ABILITY OF THE COMPLIANCE SECTION OF SHCP TO IDENTIFY AND TRACK LARGE VALUE AND SUSPICIOUS TRANSACTIONS. DESPITE THE LEGISLATIVE AND REGULATORY ADVANCES OF THE PAST FEW YEARS, EFFECTIVE IMPLEMENTATION OF MEXICO'S ANTI-MONEY LAUNDERING PROGRAM REMAINS WEAK. ENFORCEMENT CONTINUES TO BE UNEVEN AND CONVICTIONS RARE. DURING 2001, TWO NOTABLE CRIMINAL CASES UNDER MEXICO'S ANTI-MONEY LAUNDERING LAWS WERE OVERTURNED. FLAVIO ROMERO DE
UNCLASSIFIED

PAGE 02 MEXICO 00615 11 OF 13 251756Z
VELASCO, FORMER GOVERNOR OF JALISCO, ARRESTED IN JANUARY 1998, FOR ALLEGEDLY LAUNDERING DRUG PROCEEDS FOR NARCOTRAFFICKER RIGOBERTO GAXIOLA MEDINA, WAS FREED IN JULY 2001 FOR LACK OF EVIDENCE AFTER A TWO-PLUS YEAR INVESTIGATION. IN MAY, THE PGR DROPPED CHARGES AGAINST JUAN ZEPEDA MNDEZ WHO HAD ALLEGEDLY LAUNDERED AN ESTIMATED US\$10 TO 20 MILLION FOR THE CARRILLO FUENTES ORGANIZATION BECAUSE THEY DID NOT HAVE THE RESOURCES TO CONTINUE THE PROSECUTION.

89. ALSO OF CONCERN IS A CONFLICT OF INTEREST POSED BY THE INVOLVEMENT OF THE NATIONAL BANKING COMMISSION IN CRIMINAL LAW ENFORCEMENT DESPITE ITS MANDATE TO PROTECT THE INTEGRITY OF THE BANKING INDUSTRY. FINALLY, THE PROHIBITION OF THE MEXICAN ATTORNEY GENERAL'S ANTI-MONEY LAUNDERING SECTION TO ISSUE SUBPOENAS TO OBTAIN INFORMATION HAMPERS TIMELY PURSUIT OF INVESTIGATIONS.

AIR AND MARITIME INTERDICTION

90. ACCORDING TO GOM REPORTS, TWELVE MAJOR MARITIME INTERDICTIONS RESULTED IN SIGNIFICANT SEIZURES OF COCAINE, NEARLY DOUBLING MARITIME SEIZURES OVER 2000. THESE NUMBERS INCLUDE THE SEIZURE OF THE F/V MACEL IN LATE DECEMBER WHERE MORE THAN NINE METRIC TONS OF COCAINE WERE DISCOVERED.

91. THE MAJORITY OF THE MARITIME SEIZURES WERE ALONG THE WEST COAST OF MEXICO, INDICATING A CONTINUATION OF PREVIOUS MARITIME SHIPPING TRENDS. THIS INCLUDED THE
UNCLASSIFIED

PAGE 03 MEXICO 00615 11 OF 13 251756Z
OCTOBER DISCOVERY IN THE PORT OF MANZANILLO OF A SHIPPING CONTAINER CARRYING NEARLY 500 KILOGRAMS OF COCAINE. ANOTHER SEIZURE OCCURRED ON THE YUCATAN PENINSULA IN SEPTEMBER WHEN A COLOMBIAN GO-FAST ATTEMPTED TO SMUGGLE OVER 1,000 KILOGRAMS OF COCAINE. IN ALL OF THESE MARITIME INCIDENTS MEXICO HAS IMPLEMENTED THE USE OF ION SCAN TECHNOLOGY TO DETECT CONCEALED COCAINE AND TO PROVIDE PROBABLE CAUSE FOR INTRUSIVE VESSEL AND CARGO SPACE INSPECTION.

92. A TOTAL OF 1,028 SUSPECT AIR TARGETS WERE DETECTED ALONG THE U.S.-MEXICO BORDER FROM JANUARY 1 THROUGH NOVEMBER 20. OF THESE, 554 WERE DETECTED IN SONORA, WHILE 332 WERE DETECTED IN THE BAJA CALIFORNIA AREA. THIS TREND MAY INDICATE THAT SMUGGLERS MAY NOW PREFER TO TRANSPORT THEIR CONTRABAND VIA AIR TO THE PROXIMITY OF THE BORDER. DURING THE RECENT OCTOBER-NOVEMBER PERIOD, U.S. CUSTOMS AND MEXICAN AIR OPERATIONS IN THESE AREAS EXPERIENCED A 300 PERCENT INCREASE IN DETECTION EVENTS. ALL TARGETS DETECTED IN THE NORTHWEST OF MEXICO WERE FLIGHTS ORIGINATING IN MEXICO, WITH THE OVERWHELMING MAJORITY OF SEIZURES BEING MARIJUANA.

RULE OF LAW PROGRAM

93. THROUGHOUT 2001, USAID'S RULE OF LAW PROGRAM IN MEXICO SUPPORTED CROSS-BORDER JUDICIAL CONFERENCES, JUDICIAL EDUCATION AND TRAINING PROGRAMS, DIAGNOSTIC STUDIES AND EVALUATIONS OF COURT PERFORMANCE, ALTERNATIVE DISPUTE RESOLUTION, AND INCREASED ACCESS TO ELECTORAL
UNCLASSIFIED

PAGE 04 MEXICO 00615 11 OF 13 251756Z

JUSTICE. THE OVERARCHING GOAL AND ACHIEVEMENT HAS BEEN TO FORGE PRODUCTIVE AND PROMISING WORKING RELATIONSHIPS AMONG JUDICIAL OFFICIALS OF BOTH NATIONS, TO INCREASE UNDERSTANDING OF OUR RESPECTIVE JUDICIAL SYSTEMS ON TOPICS OF MUTUAL CONCERN, AND TO PAVE THE WAY FOR FUTURE COOPERATION BETWEEN THE COURTS OF BOTH COUNTRIES.

94. PROGRAM PARTICIPANTS REPORT THAT LESSONS LEARNED ARE PUT INTO PRACTICE IN THEIR PROFESSIONAL LIVES. MEXICAN FEDERAL AND STATE COURTS HAVE SINCE PROPOSED COOPERATION IN DEVELOPING FUTURE PROJECTS IN THE AREAS OF COURT ADMINISTRATION, JUDICIAL EDUCATION, ALTERNATIVE DISPUTE RESOLUTION, AND CRIMINAL PROCEDURAL REFORM.

U.S. POLICY INITIATIVES AND PROGRAMS

95. U.S. COUNTERDRUG PROGRAMS ARE INTENDED TO SUPPORT MEXICO'S CONSIDERABLE COMMITMENT TO FIGHTING DRUG TRAFFICKING. THE DRAMATICALLY IMPROVED CLIMATE OF COOPERATION BETWEEN MEXICAN AND U.S. LAW ENFORCEMENT PERSONNEL PRESENTS AN OPPORTUNITY TO BOLSTER COUNTERDRUG POLICIES AND PROGRAMS THAT CAN MULTIPLY

UNCLASSIFIED

UNCLASSIFIED PTQ1604

PAGE 01 MEXICO 00615 12 OF 13 251756Z
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P-00 SP-00 TEST-00 TRSE-00 USIE-00 FMP-00 PMB-00
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FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 5614

UNCLAS SECTION 12 OF 13 MEXICO 000615

E.O. 12958: DECLASS: N/A
TAGS: SNAR, MX
SUBJECT: INCSR CY01

THESE EFFORTS. U.S. PROGRAMS SUPPORT STRENGTHENING MEXICO'S INSTITUTIONAL CAPABILITY TO ACT AGAINST THE PRODUCTION AND TRAFFICKING OF ILLICIT DRUGS AND RELATED CRIMES. THESE INCLUDE SUPPORTING THE GOM'S EFFORTS TO IMPROVE TRAINING FOR ITS PERSONNEL, TO MODERNIZE THE JUSTICE SECTOR, AND TO PROMOTE ANTI-CORRUPTION REFORMS.

CRITICAL TO SUCCESS ARE THE IDENTIFICATION AND PROSECUTION OF CORRUPT LAW ENFORCEMENT, MILITARY, POLITICAL, AND BUSINESS LEADERS WHO PROTECT TRAFFICKERS.

UNCLASSIFIED

PAGE 02 MEXICO 00615 12 OF 13 251756Z

96. THE USG SEEKS TO WORK COLLABORATIVELY WITH MEXICO TO INVESTIGATE, APPREHEND, SUCCESSFULLY PROSECUTE AND, WHEN APPROPRIATE, EXTRADITE THE LEADERS OF THE TRANSNATIONAL CRIMINAL ORGANIZATIONS, TO DISRUPT OR DISMANTLE CARTEL OPERATIONS, TO COMBAT MONEY LAUNDERING, ARMS TRAFFICKING, AND PRECURSOR CHEMICALS DIVERSION, AND TO REDUCE THE DEMAND FOR DRUGS.

97. COOPERATIVE INITIATIVES IN DEMAND REDUCTION ALONG OUR COMMON BORDER ARE A PRIORITY FOR BOTH NATIONS. THE U.S. WILL CONTINUE TO WORK WITH CONADIC AND NON-GOVERNMENTAL ORGANIZATIONS TO ASSIST MEXICO IN ADDRESSING INCREASING DRUG CONSUMPTION.

THE ROAD AHEAD

98. THE BILATERAL LAW ENFORCEMENT RELATIONSHIP HAS EXPANDED BEYOND DRUG CONTROL TO ENCOMPASS THE FULL RANGE OF LAW ENFORCEMENT AND NATIONAL SECURITY ISSUES. GROWING RECOGNITION OF THE COMMON CRIMINAL THREAT TO OUR SOCIETIES BODES WELL FOR FURTHER PROGRESS IN DEVELOPING COMPLEMENTARY PROGRAMS AND POLICIES. AS A RESULT OF THE EVENTS OF SEPTEMBER 11, INCREASED BORDER VIGILANCE IS A PRIORITY. WELL-COORDINATED DRUG CONTROL PROGRAMS ARE AN IMPORTANT ELEMENT OF THIS EFFORT. MEXICO AND THE U.S. WILL CONTINUE TO COOPERATE IN A BROAD SPECTRUM OF COUNTERDRUG ACTIVITIES, INCLUDING DRUG ABUSE, TRAFFICKING, AND PRODUCTION. THE EFFECTIVENESS OF NATIONAL AND BILATERAL EFFORTS AGAINST DRUG CRIMES WILL DEPEND LARGELY ON DEMONSTRABLE

UNCLASSIFIED

PAGE 03 MEXICO 00615 12 OF 13 251756Z

PROGRESS IN DISRUPTING AND DISMANTLING TRANSNATIONAL NARCOTRAFFICKING ORGANIZATIONS. THIS INCLUDES APPREHENDING, PROSECUTING AND CONVICTING MAJOR DRUG TRAFFICKERS, AND EXPOSING AND PROSECUTING INDIVIDUALS AND BUSINESSES INVOLVED IN PROVIDING CRITICAL SUPPORT NETWORKS SUCH AS MONEY LAUNDERING AND FRONT COMPANIES, SECURITY, TRANSPORTATION, AND WAREHOUSING. SUCCESSFUL LAW ENFORCEMENT EFFORTS WILL BE MEANINGLESS UNLESS BACKED UP WITH STRONG JUDICIAL ACTION.

99. SIGNIFICANT ACHIEVEMENTS IN OUR COMMON OBJECTIVE OF REDUCING THE PRODUCTION AND FLOW OF ILLICIT DRUGS THROUGH MEXICO INTO THE U.S. WERE ACCOMPLISHED IN 2001. THE SUSTAINABILITY OF THESE EFFORTS WILL REQUIRE THAT

THE POLICY OF BILATERAL COOPERATION BE INSTITUTIONALIZED. CONTINUATION OF PROGRAMS TO EXCHANGE INFORMATION OR EXPERIENCES IN SPECIALIZED AREAS WILL CONTRIBUTE TO FURTHER PROGRESS.

100. A KEY AREA OF CONCERN TO THE U.S. IS THE PRODUCTION AND TRANSSHIPMENT OF METHAMPHETAMINE AND OTHER SYNTHETIC DRUGS. INCREASING CONSUMPTION, PARTICULARLY IN THE NORTHERN BORDER AREAS, HAS RAISED THE PROFILE OF THIS PROBLEM IN MEXICO. MUCH OF THE METHAMPHETAMINE SOLD IN THE U.S. IS BELIEVED TO ORIGINATE FROM THE WESTERN COASTAL STATES OF MEXICO. MEXICO SHOULD BECOME MORE AGGRESSIVE IN CHEMICAL CONTROL, PARTICULARLY INITIATION AND PURSUIT OF CHEMICAL DIVERSION INVESTIGATIONS. COORDINATION OF BILATERAL INITIATIVES SHOULD BE ADDRESSED TO DEAL WITH THIS GROWING PROBLEM

UNCLASSIFIED

PAGE 04 MEXICO 00615 12 OF 13 251756Z

101. MEXICO'S RENEWED EMPHASIS ON ROOTING OUT OFFICIAL CORRUPTION IS A WELCOME DEVELOPMENT AND ONE CRITICAL TO IMPROVING COUNTERDRUG EFFORTS. ANTICORRUPTION INITIATIVES MUST BE SUSTAINED AND INSTITUTIONALIZED IF THEY ARE TO ELIMINATE THE EXISTENCE AND TOLERANCE OF CORRUPTION IN THE PUBLIC SECTOR. EFFECTIVE INTERNAL AFFAIRS UNITS WITHIN MEXICAN LAW ENFORCEMENT BODIES ARE CRITICAL. THE MEXICAN POLICE MUST BECOME MORE AGGRESSIVE IN THEIR EFFORTS TO SEEK OUT AND PUNISH CORRUPT OFFICIALS FROM THEIR OWN RANKS. THE ESTABLISHMENT OF INTERNAL AUDIT DIVISIONS TO DEAL WITH THE ADMINISTRATIVE CORRUPTION THAT LEECHES RESOURCES FROM FIELD UNITS WILL FURTHER STRENGTHEN THE OPERATIVE ELEMENTS OF THE POLICE FORCES. ROOTING OUT CORRUPTION IN THE JUDICIARY WILL BE AS DIFFICULT AS THE FORMIDABLE TASK OF DEALING WITH POLICE CORRUPTION.

102. VETTED UNIT INITIATIVES OFFER AN OPPORTUNITY TO INITIATE AND TO ADVANCE INVESTIGATIONS AGAINST MAJOR DRUG TRAFFICKERS. BILATERAL COORDINATION, CONFIDENCE BUILDING, AND INFORMATION SHARING WILL CONTINUE TO BENEFIT FROM A STRENGTHENED VETTING PROCESS THAT

UNCLASSIFIED

UNCLASSIFIED PTQ1605

PAGE 01 MEXICO 00615 13 OF 13 251757Z
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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 5615

UNCLAS SECTION 13 OF 13 MEXICO 000615

E.O. 12958: DECLAS: N/A

TAGS: SNAR,MX

SUBJECT: INCSR CY01

FOSTERS THE TWIN GOALS OF CONFIDENCE AND COMPETENCE.

103. SECURITY FOR BOTH MEXICAN AND U.S. LAW ENFORCEMENT PERSONNEL IS OF PARAMOUNT IMPORTANCE. CLOSE COLLABORATION BETWEEN THE U.S. AND MEXICO, SUCH AS EXISTED DURING THE AGUSTIN VASQUEZ MENDOZA CASE, SENDS A STRONG SIGNAL TO DRUG TRAFFICKERS THAT THREATS AGAINST U.S. OR MEXICAN AGENTS WILL NOT BE TOLERATED.

104. ALTHOUGH NEW MONEY LAUNDERING LEGISLATION WAS PASSED IN 1996, MEXICO HAS HAD ONLY A HANDFUL OF UNCLASSIFIED

PAGE 02 MEXICO 00615 13 OF 13 251757Z
SUCCESSFUL MONEY LAUNDERING PROSECUTIONS AND CONVICTIONS. THE ESTABLISHMENT OF A MECHANISM TO OBTAIN INVESTIGATIVE INFORMATION FROM MEXICAN FINANCIAL INSTITUTIONS AS WELL AS CLOSER COLLABORATION BETWEEN FINANCIAL INVESTIGATIVE UNITS WITHIN THE MEXICAN GOVERNMENT COULD IMPROVE THE PROSECUTION OF MONEY LAUNDERING CASES.

105. THE USG WILL CONTINUE TO OFFER TECHNICAL SUPPORT TO MEXICO IN DEVELOPING AND STRENGTHENING ITS COUNTERDRUG INSTITUTIONS. EVEN THOUGH THE GOM HAS INCREASED ITS SUPPORT TO LAW ENFORCEMENT INSTITUTIONS, THERE STILL EXISTS A NEED FOR BETTER EQUIPMENT, MORE AND BETTER-TRAINED PERSONNEL, AND IMPROVED SALARIES AND BENEFITS TO BRING LAW ENFORCEMENT UNITS TO FULL OPERATING EFFICIENCY.

106. CONTINUED AND INCREASED COOPERATION ON PRE-SEIZURE AND POST-ARREST ANALYSIS WILL ENHANCE INVESTIGATIONS AGAINST MAJOR TRAFFICKING ORGANIZATIONS. THE RECENT ADDITION OF DOCUMENT EXPLOITATION CAPABILITIES AND ANALYTICAL TRAINING FOR MEXICAN LAW ENFORCEMENT WILL BE A KEY TO SUCCESS.

107. THE MEXICAN SUPREME COURT'S DECISION TO DENY EXTRADITION IN POSSIBLE LIFE SENTENCE CASES PRESENTS A SERIOUS OBSTACLE TOWARDS BRINGING U.S. FUGITIVES TO JUSTICE. LIKEWISE, THE MEXICAN "AMPARO," OR INJUNCTION PROCESS, CONTINUES TO HINDER THE EXTRADITION OF MAJOR DRUG TRAFFICKERS TO THE U.S. AND FEEDS THE PERCEPTION

THAT MEXICO IS A SAFE HAVEN FOR FUGITIVES FROM JUSTICE.
UNCLASSIFIED

PAGE 03 MEXICO 00615 13 OF 13 251757Z

108. THE TWO COUNTRIES HAVE MADE PROGRESS IN INITIATING OR IMPLEMENTING IMPORTANT ELEMENTS OF THE COMMON STRATEGY FOR COOPERATIVE ACTION AGAINST ILLICIT DRUGS. SHARED OBJECTIVES IN 2002 ARE TO:

109. REDUCE THE DEMAND FOR ILLICIT DRUGS IN BOTH COUNTRIES BY INTENSIFYING ANTI-DRUG INFORMATION AND EDUCATIONAL EFFORTS;

110. TARGET LAW ENFORCEMENT EFFORTS AGAINST CRIMINAL ORGANIZATIONS AND THOSE WHO FACILITATE THEIR OPERATIONS;

111. IMPROVE BILATERAL COORDINATION OF CHEMICAL DIVERSION INVESTIGATIONS;

112. SUPPORT SHORT, MEDIUM, AND LONG-TERM ANTICORRUPTION INITIATIVES OF THE GOM AND NON-GOVERNMENTAL ORGANIZATIONS;

113. STRENGTHEN U.S.-MEXICAN LAW ENFORCEMENT COOPERATION AND POLICY COORDINATION, ESPECIALLY THROUGH THE VETTED UNIT PROGRAM;

114. MAKE EFFECTIVE USE OF EXTRADITION PROCEDURES AND ENSURE THAT FUGITIVES ARE BROUGHT TO JUSTICE EXPEDITIOUSLY AND WITH DUE LEGAL PROCESS;

115. ENFORCE EXISTING LAWS MORE EFFECTIVELY TO DETECT AND PENALIZE MONEY LAUNDERING; ENHANCE BILATERAL AND
UNCLASSIFIED

PAGE 04 MEXICO 00615 13 OF 13 251757Z
MULTILATERAL EXCHANGES OF EXPERTISE TO COMBAT MONEY LAUNDERING;

116. CONTINUE TRAINING AND TECHNICAL COOPERATION PROGRAMS WITH A SPECIAL EMPHASIS ON THE ENHANCEMENT OF INVESTIGATIVE AND PROSECUTORIAL SKILLS.

117. WORK TOWARD THE SUCCESSFUL PROSECUTION OF MAJOR CRIMINALS.

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CONFIDENTIAL PTO6457

PAGE 01 MEXICO 10277 262006Z
ACTION INL-00

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TO SECSTATE WASHDC 5041
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WHITE HOUSE WASHDC//NSC//
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REVIEW AUTHORITY: Oscar Olson, Senior Reviewer

DEPT OF TREASURY WASH DC
USIC WASHDC
NATIONAL DRUG INTEL CTR JOHNSTOWN PA
EPIC EL PASO TX
ALL US CONSULATES IN MEXICO COLLECTIVE
AMEMBASSY BOGOTA
AMEMBASSY GUATEMALA
CONFIDENTIAL

PAGE 02 MEXICO 10277 262006Z
AMEMBASSY LIMA
AMEMBASSY LA PAZ
AMEMBASSY PANAMA
AMEMBASSY QUITO
AMEMBASSY NAIROBI

C O N F I D E N T I A L MEXICO 010277

STATE FOR INL AND WHA/MEX
CUSTOMS FOR LA OPS AND FOR ASST COMMISSIONER OF
INVESTIGATIONS
DEA FOR OD, OF, OFC, AO, DO, NPSM
DOJ FOR MWARREN DEP ASSIST ATTY GEN CRIM DIV DRUG
DIA FOR DIR-3C4, DOF-5, DIR-5SA, JSI, JTIC, DAT-CN
FBI DIR FOR LA/CU, OC/DB, OIU, CID
IRS FOR IRS-CID
TREASURY FOR ENFORCEMENT SECRETARY
NAIROBI FOR REGIONAL REFUGEE COORDINATOR

E.O. 12958: DECL: 01/05/12
TAGS: SNAR, KCRM, KJUS, PGOV, PREL, MX

SUBJECT: MEXICAN DRUG BUSTS: TWO STEPS FORWARD--ONE
STEP BACKWARD

CLASSIFIED BY ELIZABETH MCKAY, DIRECTOR NAS: REASON 1.5(B)

1. (C) SUMMARY: MEXICAN AUTHORITIES WRAPPED UP A YEAR
NOTABLE FOR HIGH PROFILE DRUG BUSTS WITH TWO IMPORTANT
ARRESTS. IN SEPARATE INCIDENTS PGR AGENTS CAPTURED
MIGUEL CARO QUINTERO AND MIGUEL ANGEL TRILLO HERNANDEZ
CONFIDENTIAL

PAGE 03 MEXICO 10277 262006Z
OVER A FIVE DAY PERIOD. BUCKING THE TREND, NARCOTICS
KINGPIN ERNESTO FONSECA-CARRILLO WAS CLEARED OF DRUG
TRAFFICKING CHARGES ON DECEMBER 17. END SUMMARY

2. (C) CARO QUINTERO: MIGUEL CARO QUINTERO, BROTHER
OF CONVICTED KINGPIN RAFAEL CARO QUINTERO, WAS
CAPTURED DECEMBER 20 IN LOS MOCHIS, SINALOA. MIGUEL
CARO QUINTERO WAS DETAINED PURSUANT TO A US
PROVISIONAL ARREST WARRANT AND MAY ALSO BE HELD ON
MEXICAN CHARGES FOR CARRYING ILLEGAL FIREARMS. HE IS
WANTED ON DRUG TRAFFICKING CHARGES IN THE US AND
MEXICO AND WAS IDENTIFIED BY THE USG AS A SIGNIFICANT
TRAFFICKER UNDER THE FOREIGN NARCOTICS KINGPIN
DESIGNATION ACT. (KINGPIN ACT) IN JUNE 2001. QUINTERO
WAS ARRESTED IN 1990 BUT LATER RELEASED BY A MEXICAN
FEDERAL JUDGE FOLLOWING A SUCCESSFUL APPEAL. THE PGR
IS REVIEWING THAT DECISION TO DETERMINE IF THE STATUTE
OF LIMITATIONS HAS EXPIRED AND EXPLORING INDICTING
QUINTERO WITH NEW CHARGES.

3. (C) ERNESTO FONSECA CARRILLO: FONSECA CARRILLO WAS
CLEARED OF DRUG TRAFFICKING CHARGES ON DECEMBER 17.
THE OFFICE OF THE ATTORNEY GENERAL HAS REQUESTED A
REVIEW OF THE APPELLATE COURT'S DECISION TO CLEAR
FONSECA OF THE CHARGES AND RETURN SOME 3 MILLION USD
IN SEIZED ASSETS. FONSECA CARRILLO REMAINS IN PRISON
SERVING A FORTY YEAR SENTENCE FOR HIS ROLE IN THE 1985
MURDER OF DEA AGENT KIKI CAMARENA. MEXICAN
AUTHORITIES MAY SEEK ADDITIONAL CHARGES AGAINST HIM.

4. (C) MIGUEL ANGEL TRILLO HERNANDEZ: TRILLO
CONFIDENTIAL

PAGE 04 MEXICO 10277 262006Z
HERNANDEZ WAS CAPTURED BY PGR AGENTS ON DECEMBER 15
AND CHARGED WITH VIOLATING MEXICO'S ORGANIZED CRIME
LAW. TRILLO HERNANDEZ PROVIDED LOGISTICAL SUPPORT TO
TRAFFICKER JOAQUIN "CHAPO" GUZMAN WHO ESCAPED FROM A
MAXIMUM SECURITY PRISON IN JANUARY 2001.

5. (C) COMMENT: THE ARRESTS OF CARO QUINTERO AND
TRILLO HERNANDEZ ARE THE LATEST IN A SERIES OF HIGH
PROFILE ARRESTS MADE BY THE GOM THROUGHOUT THE YEAR
AGAINST ALL THE MAJOR CARTELS. WHILE LAW ENFORCEMENT

EFFORTS APPEAR ASCENDANT IN MEXICO, THE ACQUITTAL OF FONSECA CARRILLO IS SYMPTOMATIC OF THE PGR'S INABILITY TO MAKE SUCCESSFUL PROSECUTIONS AGAINST POWERFUL TRAFFICKERS. PERHAPS NOT COINCIDENTALLY THIS ACQUITTAL OCCURS AGAINST A BACKDROP IN WHICH THREE FEDERAL JUDGES HAVE BEEN BRUTALLY MURDERED OVER THE PAST 45 DAYS IN WHAT APPEAR TO BE DRUG-RELATED INCIDENTS.
DAVIDOW

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ACTION INL-00

INFO LOG-00 MFA-00 NP-00 AID-00 AMAD-00 CG-00 CIAE-00
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FM AMCONSUL GUADALAJARA

TO SECSTATE WASHDC 6397

INFO ALL US CONSULATES IN MEXICO COLLECTIVE

DEA HQS WASHDC

AMCONSUL GUADALAJARA

AMEMBASSY MEXICO

REVIEW AUTHORITY: Oscar Olson, Senior Reviewer

UNCLAS GUADALAJARA 000944

EMBASSY FOR NAS ALSO FOR MCCA

E.O. 12958: N/A

TAGS: SNAR, ASEC, MX

SUBJECT: EACT FW: JUAREZ CARTEL NARCO ARRESTED IN TEPIC

1. SUMMARY: ON AUGUST 9, THE STATE POLICE IN TEPIC, NAYARIT ARRESTED SUSPECTED NARCOTRAFFICKER JOSE RAMON LAIJA SERRANO, ALSO KNOWN AS "EL COLO" AND "EL COLOCHE," AND THREE ASSOCIATES, ROBERTO ANTONIO NAVARRO, LUIS PEREZ MEZA, AND VICTOR MANUEL CARILLO TERRAZAS. ACCORDING TO SOURCES IN THE MEXICAN FEDERAL POLICE, LAIJA SERRANO IS LINKED TO THE JUAREZ CARTEL AND HAS BEEN THE PRINCIPAL IMPORTER OF COLOMBIAN COCAINE ON THE COASTS OF COLIMA AND NAYARIT. POST BELIEVES IT IS WORTH NOTING THAT THE STATE AND NOT THE LOCAL AUTHORITIES MADE THESE ARRESTS. END SUMMARY.

2. IN THE LAST DAYS OF THE WEEK OF AUGUST 4, THE STATE POLICE AUTHORITIES IN NAYARIT ARRESTED SEVERAL LOCAL DRUG TRAFFICKERS SAID TO BE AMONG THE PRINCIPAL IMPORTERS OF COCAINE IN WESTERN MEXICO. THE EVENTS LEADING TO THE ARREST BEGAN ON AUGUST 8, WHEN STATE POLICE IN NAYARIT SPOTTED A SUSPICIOUS UNLICENSED WHITE VAN IN A NEIGHBORHOOD IN TEPIC. THE POLICE THEN STOPPED THE VAN AND DISCOVERED ALL FOUR OF ITS OCCUPANTS OUTFITTED IN -BLACK UNIFORMS. AT THIS POINT, THE MAN WHO TURNED OUT TO BE LAIJA SERRANO PRESENTED A VOTER CREDENTIAL UNDER THE NAME OF VICTOR MANUEL OCAMPO SALAZAR. UPON SEARCHING THE VEHICLE THE POLICE FOUND VARIOUS FIREARMS INCLUDING TWO AK-47 RIFLES, 200,000 MEXICAN PESOS (\$20,000 USD), 300 GRAMS OF COCAINE AND 20 MILLIGRAMS OF MARIJUANA. LAIJA SERRANO AND HIS ASSOCIATES ATTEMPTED TO FLEE AND LATER TRIED INTIMIDATING THE LOCAL POLICE BUT WERE EVENTUALLY ARRESTED. THE FOUR MEN WERE LATER REMANDED TO THE CUSTODY OF A FEDERAL AGENT FROM THE UNIT OF ORGANIZED CRIME INVESTIGATIONS AND TRANSPORTED TO MEXICO CITY. THEY WERE CHARGED WITH VARIOUS FEDERAL CRIMES INCLUDING NARCOTICS TRAFFICKING, ORGANIZED CRIME, AND ILLEGAL POSSESSION OF FIREARMS

AND EXPLOSIVES.

3. LOCAL REPORTS INDICATE THAT LAIJA SERRANO IS CONSIDERED BY MEXICAN FEDERAL POLICE OFFICIALS TO HAVE INHERITED CONTROL OF THE CRIMINAL ORGANIZATION OF JOAQUIN GUZMAN LOERA "EL CHAPO" AND HECTOR LUIS PALMA SALAZAR "EL GUERO PALMA" (CURRENTLY IN PRISON FIGHTING EXTRADITION TO THE US.) ACCORDING TO REPORTS, LAIJA SERRANO HAS BEEN IN CHARGE OF COLOMBIAN DRUG SHIPMENTS IN THE PACIFIC COAST STATES OF COLIMA AND NAYARIT FOR OVER A DECADE. HE ALSO ALLEGEDLY EXERCISED CONTROL OVER TRANSPORT AND SALE OF ILLICIT DRUGS IN THE STATES OF JALISCO AND SINALOA. SINCE THE ARREST OF PREVIOUS BOSS HECTOR LUIS PALMA SALAZAR IN 1995, LAIJA HAS BEEN ALLIED WITH THE CRIMINAL ORGANIZATION OF THE CARRILLO FUENTES BROTHERS. MEXICAN AUTHORITIES HAVE LINKED HIM WITH THE MURDERS OF THREE VENEZUELANS AND A MEXICAN LAWYER, AND HE IS SUSPECTED TO HAVE HELPED GUZMAN LOERA "EL CHAPO" ESCAPE FROM PUENTE GRANDE FEDERAL PRISON IN 2001.

RICHARDSON

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